

WSSC WATER
PROPOSED BUDGET
FY 2025
JULY 1, 2024 - JUNE 30, 2025



FISCAL YEAR 2025 PROPOSED BUDGET

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

Kishia L. Powell, General Manager/CEO

ATTEST: Julianne Montes De Oca, Corporate Secretary

BUDGET - LEGAL STATUS

Section 17-202 of the Public Utilities Article, Annotated Code of Maryland: "The Commission: (1) before January 15 of each year, shall prepare capital and operating budgets for the next fiscal year that shall include projects and contracts authorized under SS17-204 and 17-205 of this subtitle; (2) shall make available to the public, on request, copies of the budgets described in item (1) of this subsection; (3) before February 15 of each year, shall hold a public hearing on the proposed capital and operating budgets after giving at least 21 days' notice of the hearing by publication in at least two newspapers of general circulation in Montgomery County and two newspapers of general circulation in Prince George's County."

TIME SCHEDULE FOR THE FY 2025 PROPOSED BUDGET

Public Hearings by the Commission (held as scheduled)	January 31 and February 1, 2024
Submission to County Executives	March 1, 2024
Approval by the County Councils	June 1, 2024
Adopted for the Fiscal Year	July 1, 2024

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

PROGRAM CONTACT

Contact the Budget Division at 301-206-8110 or email at BudgetGroup@wsscwater.com for more information regarding this budget document.

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**Washington Suburban Sanitary Commission
Maryland**

For the Fiscal Year Beginning

July 01, 2023

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, 2023. This is the 29th consecutive year that WSSC Water has received this award.



Table of Contents

	PAGE
Section 1 - WSSC Water Overview, Chair's Letter and Budget Summaries	
Chair's Letter.....	1-1
General Information.....	1-11
WSSC Water Key Priorities.....	1-12
Performance Report.....	1-13
WSSC Water Governance.....	1-17
Our Leadership and Organization.....	1-18
Comparative Expenses.....	1-19
FY 2025 Proposed Budget by Fund.....	1-20
How Each Operating Dollar is Spent.....	1-21
Revenue and Expense Trends.....	1-22
Section 2 - Proposed Rates, Fees and Charges	
Combined Water and Sewer Operating Funds - Proposed Rate Impact.....	2-1
Water and Sewer Rate Schedules.....	2-2
Quarterly Customer Bills at Various Consumption Levels.....	2-3
Account Maintenance Fees.....	2-4
Infrastructure Investment Fees.....	2-5
System Development Charges.....	2-6
Miscellaneous Fees and Charges.....	2-7
Section 3 - Equity and Environmental Justice	
Customer Demographics.....	3-1
WSSC Water Workforce Diversity.....	3-3
Office of Supplier Diversity & Inclusion.....	3-4
Other Equity and Environmental Justice Initiatives.....	3-7
WSSC Water Financial Assistance Programs.....	3-11
WSSC Water Bill Affordability.....	3-17
Water and Sewer Bill Comparisons.....	3-20
Section 4 - Spending Affordability and Long-Range Financial Plan	
Major Assumptions, Workload Indices and Demand Projections.....	4-1
Pension Obligations and Other Unfunded Liabilities.....	4-4
Long-Range Financial Plan for Water and Sewer Operating Funds.....	4-5



Table of Contents

Section 5 - Explanation of Budget and Summaries

Budget Formulation.....	5-1
WSSC Water Budget and Capital Improvements Program Process	5-3
Fund Structure.....	5-4
FY 2025 Proposed Budget - By Major Expense Categories.....	5-5
FY 2025 Proposed Budget - By Sources.....	5-6
FY 2025 Proposed Budget - By Fund Uses.....	5-7
Operating Revenue & Expense by Major Source Category & Fund Type.....	5-8
Capital Funding & Expense by Major Source Category & Fund Type.....	5-9
Projected Change in Fund Balance.....	5-10
Expense Trends by Fund.....	5-11

Section 6 - Fiscal Guidelines

Fiscal Control.....	6-1
Expenditures and Allocation of Costs.....	6-3
Short-Term Fiscal and Service Guidelines.....	6-5
CIP Fiscal Guidelines.....	6-6
WSSC Water Management.....	6-9
Guidelines for Revenues and Program Funding.....	6-10
Water and Sewer Debt Service Guidelines.....	6-11

Section 7 - Revenues

Economic Outlook.....	7-1
Ratepayer, Ready-to-Serve and Miscellaneous Revenues.....	7-5
Revenues and Transfers Impact on Debt Service.....	7-8
Revenue Trends.....	7-9

Section 8 - Capital Budget

CIP Project Development and Approval Process.....	8-1
Expense Categories.....	8-3
Capital Budget Expense Summary.....	8-4
Map of Projects in Montgomery County.....	8-5
Map of Projects in Prince George's County.....	8-6
Highlighted Projects.....	8-7
Funding Sources.....	8-9
Capital Budget Funding Summary.....	8-10
Impact of Capital Program on the Operating Budget.....	8-11



Table of Contents

Section 9 - Debt Service

Debt Service and Obligation Purpose.....	9-1
Outstanding Debt.....	9-4
Borrowing Limitation.....	9-6
Debt Service Trends.....	9-7

Section 10 - Water Quality and Regulations

Water Quality Capital Projects.....	10-1
Revised Lead and Copper Rule.....	10-2
Water Quality Campaigns.....	10-3
Performance of Key Services.....	10-6

Section 11 - Organizational Budgets

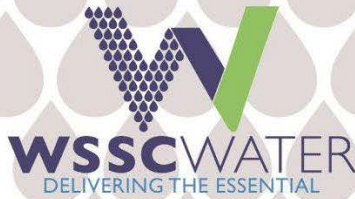
Comparative Expenses by Organizational Unit - All Operating and Capital Funds.....	11-1
Organizational Unit and Fund Matrix - All Operating and Capital Funds.....	11-2
Workforce and Compensation.....	11-3
Governance.....	11-5
Office of the General Manager.....	11-8
General Manager's Direct Reports.....	11-13
External Affairs.....	11-37
Operations.....	11-40
Mission Support.....	11-60
Other.....	11-68

Appendices

Appendix A - Economic Indicators and Trends	
Top 20 Customers - Water and Sewer Usage.....	A-1
Active Customer Accounts.....	A-2
Brief Economic Facts - Montgomery County.....	A-3
Brief Economic Facts - Prince George's County.....	A-7
Appendix B - Glossary.....	B-1
Appendix C - Acronyms.....	C-1

SECTION I
WSSC WATER OVERVIEW, CHAIR'S LETTER
AND BUDGET SUMMARIES

CHAIR'S LETTER



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

March 1, 2024

The Honorable Angela D. Alsobrooks, Prince George's County Executive
The Honorable Marc Elrich, Montgomery County Executive
The Honorable Jolene Ivey, Chair, Prince George's County Council
The Honorable Andrew Friedson, President, Montgomery County Council

Dear Ms. Alsobrooks, Mr. Elrich, Ms. Ivey, and Mr. Friedson:

On behalf of WSSC Water, I hereby transmit the Proposed Fiscal Year 2025 (FY 2025) Capital and Operating Budget. State law requires that before January 15, the WSSC Water publish a proposed operating and capital budget for the upcoming fiscal year. The law also requires a public hearing on the budget before February 15, and for a proposed budget to be submitted to the Counties by March 1. Accordingly, we have prepared a proposed budget for publication and public hearing purposes. This budget is released and distributed for review by interested customers, citizens and elected officials.

Budget Overview

The Proposed Budget for FY 2025 for all operating and capital funds totals \$1.8 billion or \$196.8 million (12.2%) more than the FY 2024 Approved Budget. The Proposed Operating Budget of \$1.0 billion represents an increase of \$88.6 million (9.5%) over the FY 2024 Approved Operating Budget of \$931.2 million. Additionally, the Proposed Capital Budget of \$791.3 million represents an increase of \$108.2 million (15.8%) over the FY 2024 Approved Capital Budget of \$683.1 million. In the Proposed Operating Budget, the fixed costs for debt service of \$365.4 million and payments to the District of Columbia Water and Sewer Authority Blue Plains Advanced Wastewater Treatment Plant for regional sewage disposal expenses of \$76.9 million, represent 43.3% of the total operating budget. Furthermore, these line items account for \$45 million or 51.5% of the of the overall increase in the operating budget compared to the previous year.

Outcome Based Budgeting Approach

This year, we adopted a transparent outcome-focused approach to budgeting, ensuring meticulous alignment with our key priorities and required services for our customers. Risks are mitigated through our strategic allocation of resources across operating and capital expenditures. Work programs and funding are aligned to achieve the

desired outcomes and optimal service delivery levels. The budget incorporates strategies to meet required financial metrics while balancing affordability and investment in our resources.

Revenue Enhancement: Lower than Requested

The Proposed FY 2025 Budget also includes an 8.5% average water and sewer volumetric and fixed fees revenue enhancement. WSSC Water engaged a consultant to perform a cost-of-service study and the allocation of the 8.5% revenue enhancement between fixed and variable rates has changed based on the results of the study. While WSSC Water understands the difficulties associated with a revenue enhancement in the current economic climate, we are experiencing historic inflation throughout the supply chain, as well as substantial unforeseen spikes in Blue Plains Regional Sewage Disposal costs that are much higher than inflation. **It should be noted that the Proposed Budget does not include an additional increase of \$4 million in regional sewage disposal costs recently provided by DC Water.** These challenges make the revenue enhancement vital to fulfilling our mission to provide safe, clean, and reliable water, life's most precious resource, to our customers. We initially requested an 11.6% revenue enhancement to keep pace with rising costs of service, address deferred improvements that were a result of pandemic revenue downturn, keep wages competitive to retain and recruit talent to serve, and improve financial metrics to protect the AAA rating. However, both County Councils recommended a spending affordability guideline revenue enhancement limit of 8.5%. The recommendation of a lower than needed revenue enhancement is a recurring trend that results in continued budget reductions that could significantly impact services, needed investments in treatment facilities and investments in Team H2O including anticipated requests from the Labor Unions for compensation improvements relative to contract negotiations. The impact is a revenue strain that is compounded each year.

Budget Reduction Impacts: FY 2025 Proposed Budget

As part of our due diligence process, we reduced submitted budget requests by \$31.4 million to help us adjust our requested revenue enhancement to an 11.6% average revenue enhancement. Reductions would have been higher were it not for increases in non-rate revenue totaling \$17.5 million (miscellaneous fees, multi-jurisdictional cost sharing, interest income), as well as \$5.9 million in proactive reductions (expiring contracts and changes in anticipated spending). Additionally, \$26.4 million in cuts were required to get from an 11.6% average revenue enhancement to the recommended 8.5%. Reductions to original department requests total \$81.2 million and are summarized in the following table:

	Pre-SAG		11.6		9.5		8.5		Pre -SAG
(\$ in millions)	\$	\$	%	\$	%	\$	%	\$ Chg	
A. OPERATIONS AND MAINTAINANCE									
PRESERVING OUR OPERATIONS									
Inflationary Pressures, Existing Resources									
Supplies, equipment, vehicles	\$12.4	\$12.4	1.4	\$10.8	1.3	\$7.2	0.8	(\$5.2)	
professional services, and retiree and employee benefits									
ADDITIONAL OPERATING BUDGET REQUESTS									
Including impact of internal tradeoffs	51.5	10.6	1.3	10.5	1.2	10.3	1.2	(41.2)	
AFFORDABILITY AND CUSTOMER SERVICE									
	5.3	5.3	0.6	5.0	0.6	5.0	0.6	(0.4)	
MEETING OUR LEGAL REQUIREMENT									
Intermunicipal Agreement Mandate									
Regional Sewage Disposal	12.7	12.7	1.5	12.7	1.5	12.7	1.5	0.0	
DC Water under IMA with WSSC Water									
Subtotal:	\$81.9	\$40.9	4.8	\$39.0	4.5	\$35.1	4.1	(\$46.8)	
B. CAPITAL INVESTMENT									
MAINTAINING OUR ASSETS									
Capital Investment									
Debt Service Payable	\$39.3	\$34.7	4.0	\$33.5	3.9	\$33.5	3.9	(\$5.8)	
New debt issuance and funding annualization of prior year debt service									
C. TEAM H ₂ O									
RESOURCING FOR OUR PEOPLE									
Building a Team H ₂ O									
A Workforce to deliver on our mission, new positions	\$29.8	\$23.3	2.7	\$19.2	2.2	\$14.5	1.7	(\$15.3)	
D. BOND RATING									
RETAINING AAA CREDIT RATING									
Improving Financial Metrics									
PAYGO Offset	\$21.0	\$17.1	2.0	\$6.6	0.8	\$6.6	0.8	(\$14.4)	
Lower debt service payable to improve debt coverage ratio									
OFFSETTING RATE INCREASE									
Increase service fees, utilize cost sharing, and capitalization changes	-\$17.5	-\$16.4	-1.9	-\$16.4	-1.9	-\$16.4	-1.9	\$1.1	
Total:	\$154.5	\$99.7	11.6	\$81.9	9.5	\$73.3	8.5	(\$81.2)	

The following list provides a high-level summary of the cuts from the FY 2025 budget request:

FY 2025 Budget Request Cuts	Associated Funding	Potential Impacts
Operations and Maintenance		
IT infrastructure	\$6.8M	- Reduced investment in information technology to ensure operational reliability, cyber security and resilience
Supplies, fleet, equipment, and vehicles	\$5.2M	- Reliance on assets beyond their useful life and additional maintenance and repair costs
Emergency repairs, leak detection, fire hydrant painting, pipe armoring and pressure monitoring, trunk sewer inspections	\$3.1M	- Deferred maintenance of critical infrastructure - Impact on protecting the environment and delayed response to customers' inquiries - Potential sanitary sewer overflows
Chemicals	\$3.6M	- Potential impacts to drinking water and wastewater treatment
Water storage tank painting	\$1.0M	- Deferred maintenance shortens life of water storage facilities
Capital Investments		
Debt service payable	\$5.8M	- Shifted level principal payment from FY 2025 to FY 2028. Level principal produces an amortization schedule that pays off principal faster and lowers interest expenses as compared with a level payment amortization schedule. Level principal is a critical tool in mitigating total debt growth.
Team H2O		
Funding for phased compensation enhancements	\$4.0M	- Delays in addressing lagging compensation resulting in loss of more tenured staff - Continued difficulty with recruitment, particularly in mission critical operations positions - Impacts to Collective Bargaining process
New positions budgeted for only 6 months	\$3.0M	- Delay in addressing workforce needs
Request for additional IT and Production positions	\$3.4M	- Potential impacts to service levels, staffing critical 24/7 operations and compliance
Requests for additional workyears in other departments	\$4.9M	- Potential impacts to employee morale due to workload increases, safety, and quality of life as employees work long hours due to below optimum staffing levels
Bond Rating		
Reduction in PAYGO	\$14.4M	- Increases need to borrow more to support Capital Improvement needs - Impacts financial metrics and ability to remove negative outlook by Fitch Ratings

Although services and operations will be impacted by the reductions required to meet the 8.5% average water and sewer revenue enhancement, the budget does fund several essential improvements including:

- Safe Drinking Water Act and Clean Water Act compliance
- Operations and maintenance critical infrastructure assets to support our core mission
- Limited compensation improvements
- Inspecting large diameter pipes and valve exercising
- Sustainable funding for new and existing customer assistance programs
- Investments to ensure operational reliability and resilience
- Debt service to support the capital improvement programs

Our Most Valuable Resource – Team H2O

As a water and wastewater utility, WSSC Water is competing for talent with at least eight other water and wastewater utilities in the region, as well as, PEPCO, BGE, WMATA and other private companies, most of whom can offer higher salaries. During our monthly Commission meetings, we recognize and bid farewell to many of our retiring colleagues, as the current retirement eligibility rate of 24% is expected to grow to 40% over the next five years. The retirement eligibility coupled with existing vacancy rates causes great concern about the ability to maintain staffing levels to carry out our core mission. This is not an unfounded concern given recent compliance and service impacts to water sector utilities that are tied to loss of staff. To recruit and retain the brightest, and most committed employees, WSSC Water's pay structure must be fair and competitive. Our salaries currently lag well behind market for many positions, and this budget begins to address these concerns with phased compensation improvements.

The budget also includes 127 new workyears:

- 28 overhire positions to be authorized
- 41 conversion of contract positions to permanent
- 58 new positions to support our operations and capital program delivery (more than 600 active projects)

Facilities Reliability

The budget anticipates the implementation of comprehensive water and wastewater facilities condition assessment and improvement planning. The goals of Water and Wastewater Facilities Plans are to provide a long term infrastructure roadmap based on analyses of future capital investment needs necessary to meet service and regulatory mandates; protect the health and safety of customers, employees, and the environment; reduce business risk exposures; provide exceptional levels of service while sustaining operational efficiency, reliability, and resilience; maintain state of good repair of WSSC Water's assets and systems; implement WSSC Water's initiatives, plans and policies; and advance Prince George's and Montgomery counties' priorities. Diversity, Inclusion and Environmental Justice are core elements of WSSC Water's infrastructure planning to ensure

underprivileged communities benefit from equitable infrastructure access and economic opportunities.

The budget proposes several facility investments such as:

1. Anacostia Depot Reconfiguration for mechanical upgrades at the warehouse and the heavy equipment shop and the replacement of the warehouse' roof.
2. Gaithersburg Depot HVAC System Replacement.
3. Potomac Water Filtration Plant (WFP) - Structural Rehabilitation of Retaining Walls.
4. Upgrade assets at the WSSC Water Support Center such as the switchgear and generator replacement.
5. Parkway Waste Resource Recovery Facility (WRRF) Facility modernization for electrical upgrades to the transformers, switchgears, blowers, and emergency generator, plant water building upgrades and air compressors and influent pump station replacement.
6. Piscataway WRRF Facility improvements to prevent overflows or permit violations to include removing bottlenecks within the plant process trains and rehabilitate equipment that reached its expected life expected service life.
7. Western Branch WRRF Facility improvements such as influent flow spitter box, main electrical substation, and process treatment equipment at the end of its useful life.

Infrastructure Reliability

The budget proposes the rehabilitation of 30 miles of smaller water mains (<16 inches in diameter), as WSSC Water begins to ramp up to the annual asset management plan goal of 55 miles per year; continued development of our enhanced pipe condition assessment program, and evaluation of new water main rehabilitation technologies to help control costs while also minimizing disruption for our customers.

For large diameter water mains, the Prestressed Concrete Cylinder Pipe (PCCP) Program provides for the ongoing Acoustic Fiber Optic monitoring of over 109 miles of pipe, ongoing inspection, and rehabilitation and replacement of large diameter pipes. Inspection, rehabilitation, and replacement of large valves continues at two per year. The PCCP program will continue building toward a goal of replacing up to two miles per year, with several projects in the planning and design phases. Replacement of ferrous pipes is projected at six miles. Funding is also included for the continued compliance with all requirements of the WSSC Water Sanitary Sewer Overflow and Potomac Water Filtration Plant Consent Decrees.

PFAS Mitigation Pilot Program

WSSC Water has budgeted \$6.0 million dollars in the FY 2025 CIP for a PFAS mitigation pilot program. Stringent drinking water regulations are expected for PFAS mitigation and WSSC Water is proactively evaluating a suite of potential water treatment enhancements to meet these challenges. Their performance will be tested through smaller-

scale pilots simulating full-scale treatment trains over a range of seasonal and weather conditions. The PFAS budget includes design and construction, operation, sampling, and analytical services for pilot testing.

Biosolids Management

The Piscataway Bioenergy Facility will transform how WSSC Water manages biosolids, the nutrient-rich organic byproduct of the wastewater treatment process, from five existing water resource recovery facilities. Using cutting-edge technology, the new facility will eliminate the current practice of treating biosolids with lime and reduce the volume of biosolids generated, significantly reducing hauling and management costs. Biosolids produced at the Bioenergy Facility will be a cleaner "Class A" biosolids, thereby reducing regulatory requirements and opening the door to the potential sale and distribution of a fertilizer product. As an added benefit, the Bioenergy Facility will capture methane gas formed during treatment. The biogas will be cleaned and sold as renewable natural gas, generate a revenue source, reduce WSSC Water's greenhouse gas emissions, and help to achieve the ambitious renewable energy goals.

Lead Service Line Replacement Program

Lead in drinking water is caused primarily by materials associated with water service lines and home plumbing. A service line is the underground pipe that connects the home to the public water main, delivering water to faucets, bathtubs, showers, and other water outlets. EPA's Lead and Copper Rule Revisions require utilities that deliver drinking water to conduct a service line material inventory, address locations with elevated levels of lead, and replace lead service lines if less than 90% of the drinking water samples are below the lead Trigger Level of 10 ppb. WSSC water is proactively working to comply with all deadlines and meet all the regulations to ensure the safety of our customers.

Information Technology Strategic Plan

Information Technology is committed to providing a safe and reliable computing infrastructure that effectively meets the current and future needs of the Commission. The FY 2025 budget invests in necessary system upgrades and replacements as they are nearing end of life. Funding is included to continue enhancing our cybersecurity program to mitigate cybersecurity risks efficiently and effectively by ensuring our electronic data and computer systems and networks remain protected from theft, attack, or unauthorized access. Cybersecurity program initiatives include artificial intelligence threat detection, new end-user security awareness training and risk reduction of identity theft through two-step authentication.

Customer Impacts and Enhancements to Assistance Programs

The 8.5% revenue enhancement reflects the recommendations from the cost of service study and will add approximately \$25.49 per quarter to the bill of a customer using 145 gallons per day, the average per person consumption of 145 gallons per day for a 3-person

household. Despite this increase, WSSC Water rates remain competitive and continue to compare favorably to many other comparable, regional water and sewer utilities. The average residential bill is approximately 1.0% of the median household income.

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 challenged with meeting their monthly expenses during these unprecedented and uncertain times. However, it is essential to price water at the cost of safely producing and delivering this essential resource and to offer assistance programs for our most vulnerable customers. The Customer Assistance Program (CAP) was created in FY 2016 to help economically challenged customers by providing financial assistance with water and sewer bills. The CAP has already reached thousands of our customers in the current fiscal year. The CAP will continue in FY 2025 and the proposed budget estimates the revenue offset at \$2.2 million.

Effective January 1, 2024, CAP, non-CAP and single-unit commercial customers impacted by certain eligible high bills may qualify for an adjustment for up to two consecutive billing periods. CAP customers will now qualify for a high bill adjustment if the high usage is at least 2.5 times greater than their historical usage. The program adds a sewer-only adjustment for water lost to a leak that does not enter the sewer system.

Effective July 1, 2024, enrollment for CAP customers will be extended from one year to two years. CAP customers typically must reenroll beginning every July 1 through the Maryland Department of Human Services Office of Home Energy Programs. 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.

The Water Fund is another program that aids eligible customers in need of assistance. Customers can make multiple requests for assistance with water and sewer bills up to \$500 per year. For FY 2025, \$500,000 is included for the Water Fund. In the past, the Water Fund was funded via donations. Also, in anticipation of approval of a modification to House Bill 408 enacted in the FY 2018 legislative session, the budget funds \$200,000 to continue the Connection Pipe Emergency Replacement Loan Program, which will provide affordable financing of up to \$10,000 per eligible customer. This is an increase of \$100,000. The new legislation proposes coverage for sewer pipes.

Under the new CAP Leak Repair Program, CAP-enrolled customers impacted by an on-property leak will be eligible to participate in this new program, which is expected to be rolled out in fall 2024. The budget for this new program is \$350,000 and it will be administered by a third-party nonprofit selected by WSSC Water and repairs must be made by a WSSC Water-registered plumber. The total cost of services provided to any CAP customer cannot exceed \$9,000.

The budget also includes \$3.3 million for PromisePay. This financial assistance program allows residential and commercial customers with past-due bills to establish affordable, flexible and interest-free payment plans. The total of all customer assistance programs in the FY 2025 budget is \$7.7 million. This is a \$4.2 million or 118% increase over the FY 2024 budget for customer assistance.

	FY 2024	FY 2025
Customer Assistance Program	\$ 2,200,000	\$ 2,200,000
Bill Adjustments	1,212,000	1,212,000
PipeER Program	100,000	200,000
CAP Leak Repair Program		350,000
Water Fund Donation		500,000
PromisePay		3,300,000
Total Budget for Assistance Programs	\$ 3,512,000	\$ 7,762,000

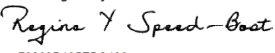
System Development Charge

State law provides that the System Development Charge (SDC), a charge to new applicants for WSSC Water service which is intended to recover growth costs, may be adjusted annually by the change in the Consumer Price Index for the Washington, DC metropolitan area (CPI-W). Historically, WSSC Water has adjusted the maximum allowable charge based on the change in the November CPI-W. WSSC Water plans to increase the maximum allowable charge by the change in the CPI-W while reviewing a potential increase to the SDC.

Conclusion

The Proposed Budget will allow WSSC Water to continue to protect public health and safety by providing safe, clean, and reliable water. Fulfilling this critical mission remains a challenge given financial constraints coupled with the limited external funding available to support capital investments, and virtually no subsidies available to support rising operational costs. We are balancing the needed investments to maintain the infrastructure and staff required with the need to maintain solid financial metrics to preserve our AAA bond rating. This Proposed Budget based on an 8.5% average revenue enhancement does support some of WSSC Water's strategic priorities, but the impact on services to our customers through continued spending constraints remains a concern.

Sincerely,

DocuSigned by:

78363D195EBC486

Regina Y. Speed-Bost
Commission, Chair

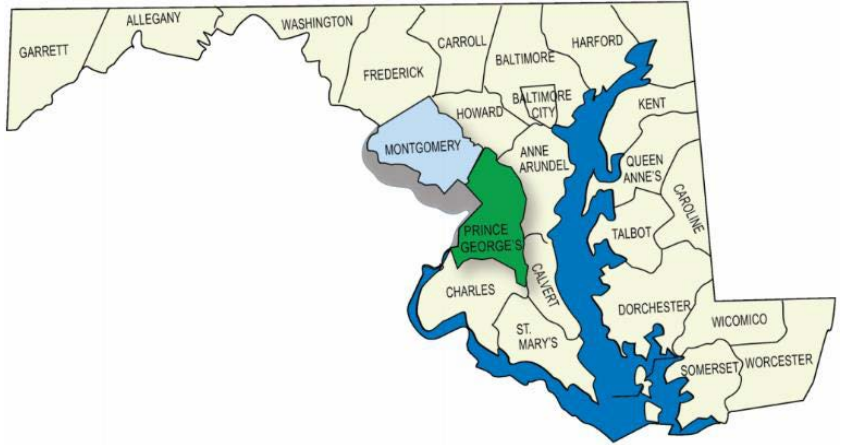
cc:
Members of Prince George's County Council
Members of Montgomery County Council
Members of the Maryland General Assembly

WSSC WATER OVERVIEW

WSSC Water provides water and sewer services to nearly 2.0 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) 2025 and deliver that water to homes and businesses in Montgomery and Prince George's Counties, serving over 480,000 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 2025, it is projected that an average of 203 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.

WSSC WATER KEY PRIORITIES

In April 2023, WSSC Water shifted in their direction by prioritizing 5 key areas, all supported by the important values of diversity, equity, inclusion, and environmental justice. As a continuance of this change, we have embarked on developing a fresh strategic plan that will guide their actions and goals for the FYs 2025-2027. This new plan will serve as a valuable roadmap for WSSC Water's future endeavors.

The General Manager in collaboration with the Commissioners, Senior Leadership Team and the key staff members established key priorities listed below. Currently, WSSC Water is in the process of updating its mission, vision and strategic plan.

Building a Strong Workforce

WSSC Water must have the strongest workforce in the water utility sector to deliver on our core mission, achieve our vision and excel in service delivery. We must build on our numerous strengths and realign priorities, which means working collaboratively to improve compensation, training and morale and ensuring that we provide the tools, systems, processes and organizational structure employees need to be successful.

Service Delivery

Delivering services to customers is central to WSSC Water's mission, but accomplishing that mission requires delivering exceptional service internally, too. This priority speaks to improving the experience of internal and external stakeholders and addressing circumstances impacting their trust in WSSC Water.

Financial Stewardship

In addition to spending customer dollars wisely, WSSC Water must focus on the organization's financial strength to invest in our human resources and capital assets. Prudent financial management is central to achieving all priorities. WSSC Water must increase the amount of external funds we can leverage to support our capital and operating programs and improve our financial strength by introducing alternative sources. A critical financial goal is ensuring we maintain our AAA bond rating to secure low-interest rates on our capital borrowing. Additionally, the funding of our capital program should support our customer financial assistance efforts by preserving the long-term affordability of access to water and sewer services.

Regulatory Challenges

The regulatory landscape is rapidly changing within the water sector. From changes related to Per- and Polyfluoroalkyl Substances (PFAS) and updates to the Lead and Copper Rule. WSSC Water must be prepared. No matter the regulatory change, WSSC Water will continue our track record of water quality excellence.

Operational Reliability and Resilience

WSSC Water's mission is to provide safe and reliable water and return clean water to our environment in an ethical, sustainable and financially responsible manner. To do this, we must invest in our infrastructure and operations to build resilience, prepare for any hazard and mitigate risks across the organization. Mitigating risk and building resilience are core to the mission – and must be integrated into every aspect of WSSC Water's business.

WSSC Water Commission Performance Report Jan 2024

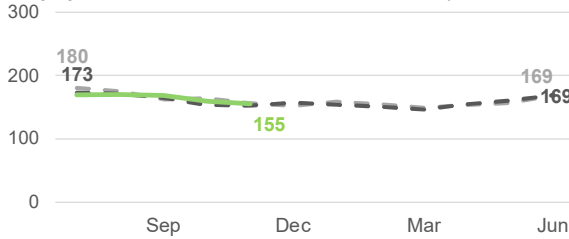
WSSC Water's Commission Performance Report contains Key Performance Indicators that are aligned to the Strategic Plan Priorities and Objectives. The report demonstrates WSSC Water's commitment to accountability, which is a Core Value in the Strategic Plan.

Mission

Provide Safe and Reliable Water

Water Production

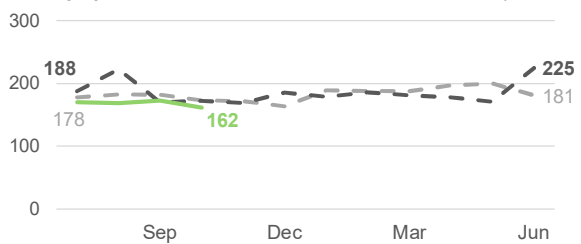
average gallons of water produced, in millions per day



Return Clean Water to Our Environment

Wastewater Treatment

average gallons of wastewater treated, in millions per day



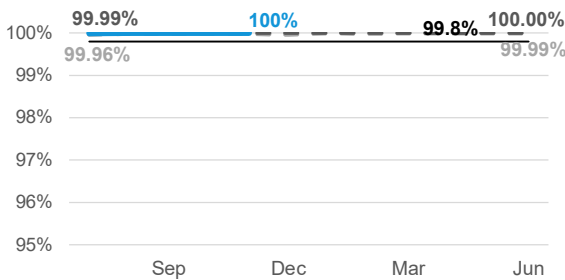
Enhance Customer Experience

Deliver Safe, Reliable and Consistent Service

Accounts Billed On-Time

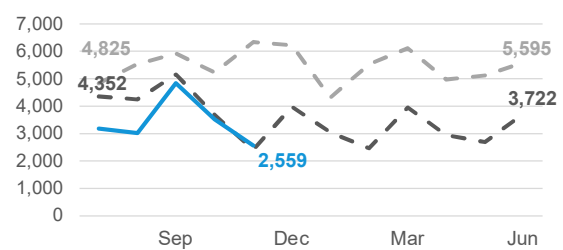
% of accounts billed on-time, within 15 calendar days

after billing window closes



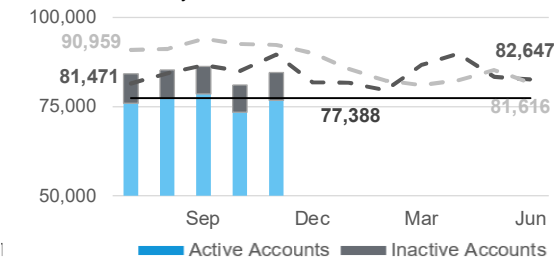
Estimated Bills

of consecutive estimated bills



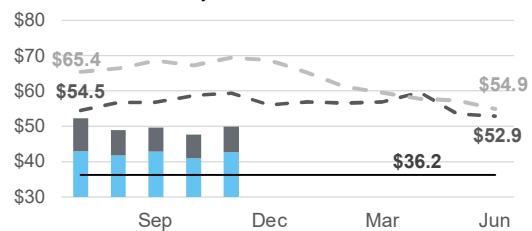
Past Due Accounts

of accounts more than 30 days past the bill date as of the last business day of the month



Past Due Amount

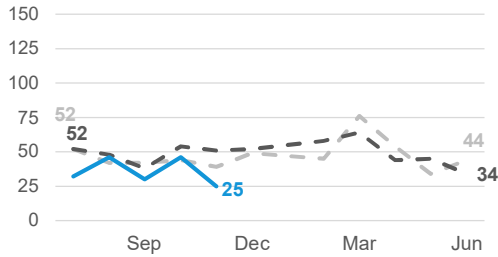
\$ of accounts (millions) more than 30 days past the bill date as of the last business day of the month



Deliver Safe, Reliable and Consistent Service

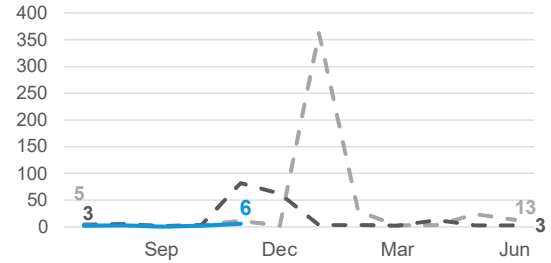
Basement Backups

of basement backups



Water Service Restoration Time (Hours)

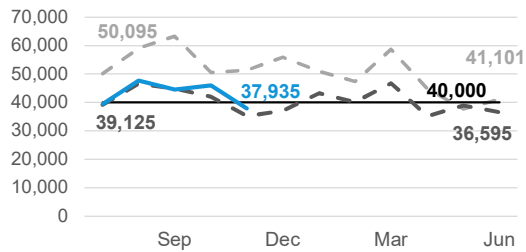
of outage hours / # of housing units impacted



Provide Timely Response to Customer Queries

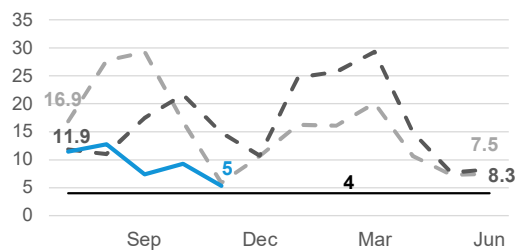
Call Volume

of calls received per month



Average Answer Speed

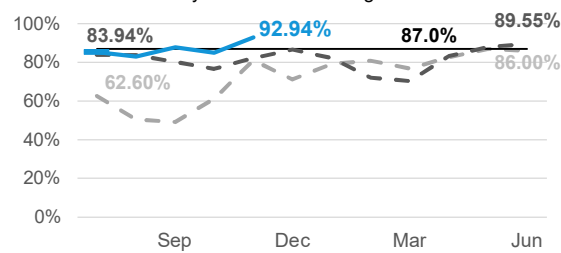
average minutes customer waits for customer care call center agent



Provide Timely Response to Customer Queries

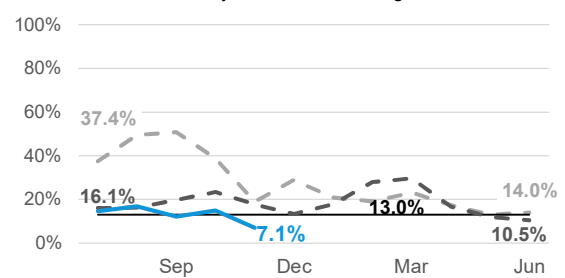
Calls Answered

of calls answered by a customer care agent / total calls



Calls Not Answered

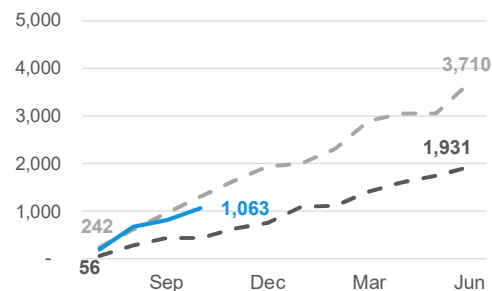
of calls not answered by a customer care agent / total calls



Be a Good Citizen within Our Community

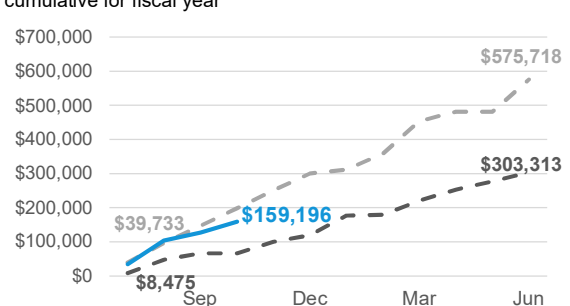
Water Fund Assistance Customers Served

of customers served, cumulative for fiscal year



Water Fund Assistance Provided

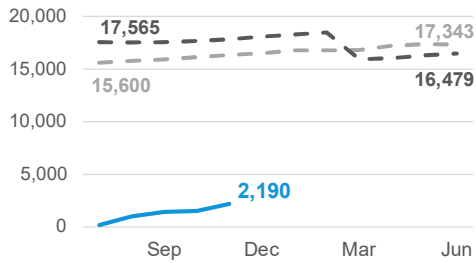
financial assistance applied to qualified customer water/sewer bills, cumulative for fiscal year



Be a Good Citizen within Our Community

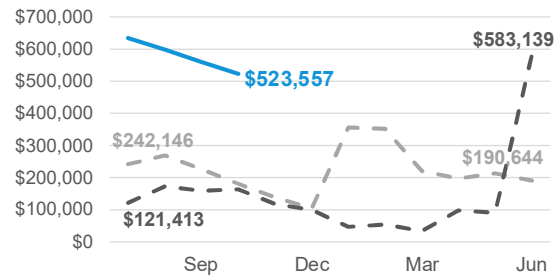
Customer Assistance Program Participants

participants served (includes active and inactive accounts), cumulative for fiscal year



Water Fund Bank Balance

value of account balance at month's end

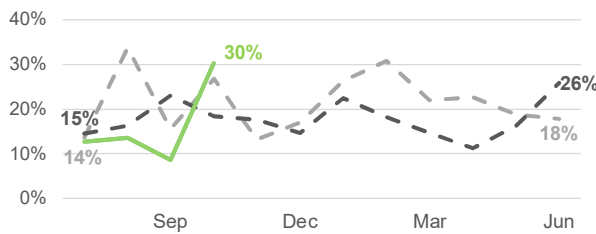


Transform Employee Engagement

Acquire the Best People

Monthly Positions Filled

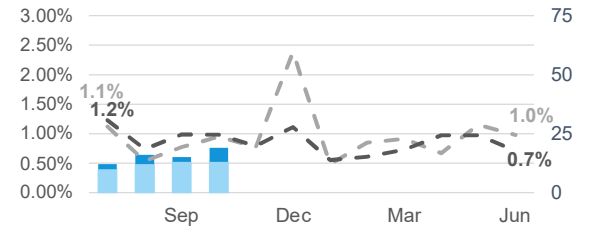
of positions filled / # of actively recruited positions



Retain Top Performers

Monthly Turnover Rate

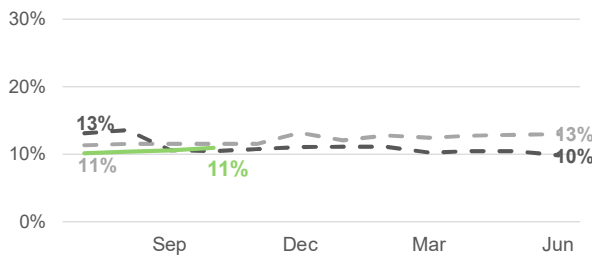
of employee separations / # of FTEs



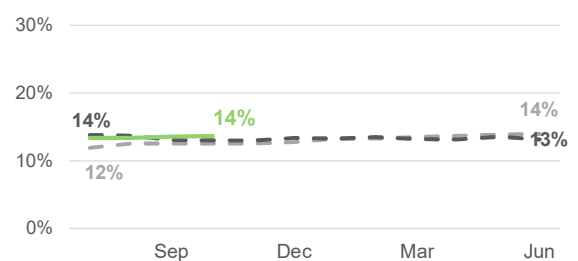
Develop and Grow Talent

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

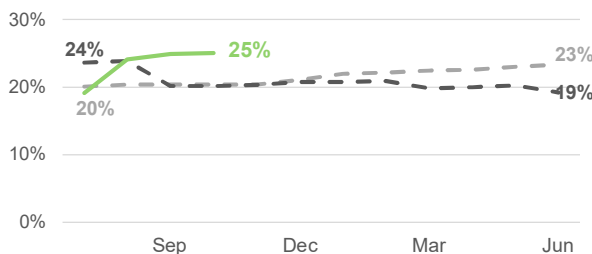
Retirement Eligibility (Full) Eligible Now



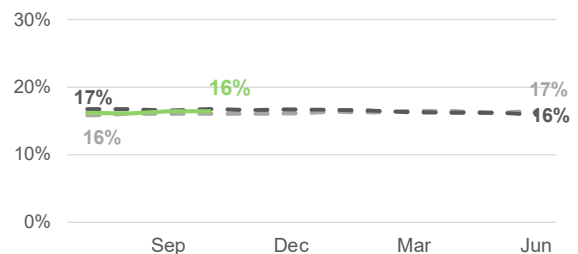
Retirement Eligibility (Early) Eligible Now



Retirement Eligibility (Full) Eligible Within 5 Years



Retirement Eligibility (Early) Eligible Within 5 Years



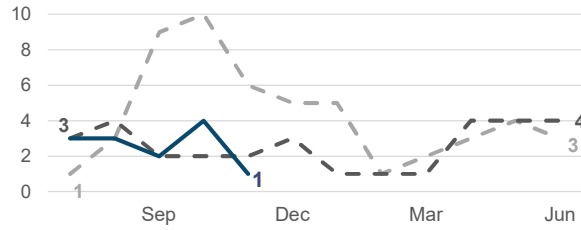
Protect Our Resources

— This year (FY24)
 - - Last year (FY23)
 - - FY22

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

Emergency and Coordinated Responses

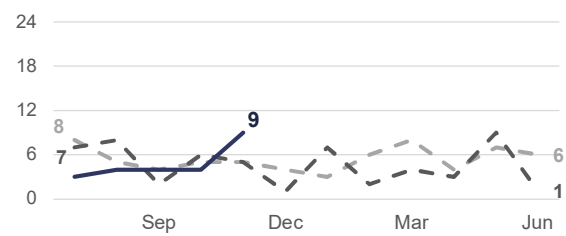
of cross-departmental coordinated responses, exercises and drills



Maintain Best in Class Operating Environment Safety for Employees

Occupational Injuries

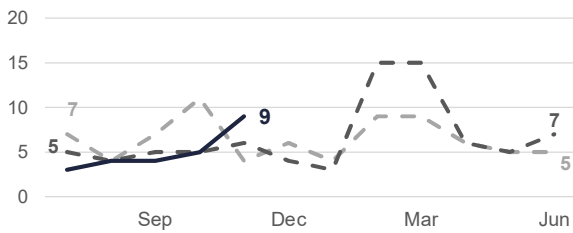
of occupational injuries that occurred



Secure Commission's Critical Infrastructure

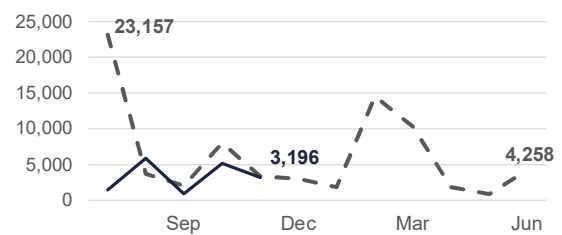
Sanitary Sewer Overflows

of sanitary sewer overflows per month



Sanitary Sewer Overflow Volume

Total gallons of sanitary sewer overflows per month



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

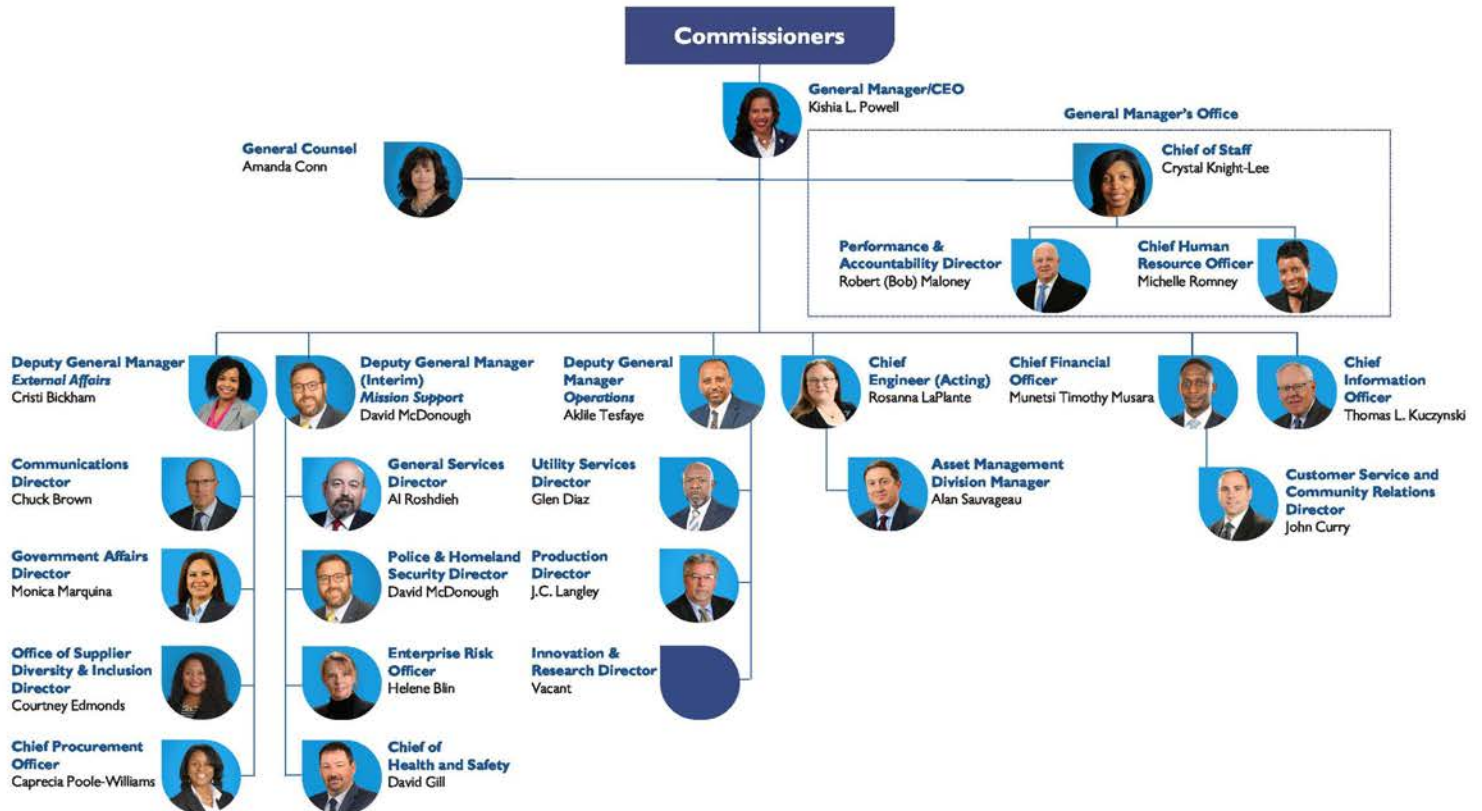


Fausto R. Bayonet
Commissioner



Howard A. Denis
Commissioner

OUR LEADERSHIP AND ORGANIZATION



BUDGET SUMMARIES

COMPARATIVE EXPENSES

Comparative Expenses by Fund

(\$ in thousands)	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed	FY 2025 Over/(Under) FY 2024	% Change
Operating Funds							
Water Operating	\$ 335,324	\$ 339,252	\$ 367,236	\$ 421,293	\$ 469,643	\$ 48,350	11.5 %
Sewer Operating	401,300	423,829	455,358	503,059	544,416	41,357	8.2 %
General Bond Debt Service	12,006	10,720	9,165	6,830	5,744	(1,086)	(15.9)%
Total Operating	\$ 748,630	\$ 773,801	\$ 831,759	\$ 931,182	\$ 1,019,803	\$ 88,621	9.5 %
Capital Funds							
Water Supply Bond	\$ 142,441	\$ 138,613	\$ 182,016	\$ 315,582	\$ 408,667	\$ 93,085	29.5 %
Sewer Disposal Bond	265,865	238,063	220,636	333,298	340,807	7,509	2.3 %
General Construction	18,587	21,131	33,740	34,189	41,793	7,604	22.2 %
Total Capital	\$ 426,893	\$ 397,807	\$ 436,392	\$ 683,069	\$ 791,267	\$ 108,198	15.8 %
Grand Total	\$ 1,175,523	\$ 1,171,608	\$ 1,268,151	\$ 1,614,251	\$ 1,811,070	\$ 196,819	12.2 %

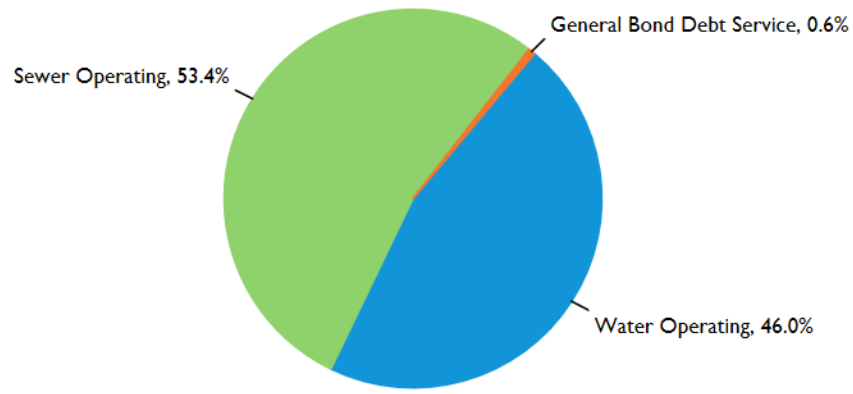
Comparative Expenses by Major Expense Category

(\$ in thousands)	FY 2023 Actual			FY 2024 Approved			FY 2025 Proposed		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Expense Categories									
Salaries & Wages	\$ 27,997	\$ 127,918	\$ 155,915	\$ 28,193	\$ 141,927	\$ 170,120	\$ 32,120	\$ 158,996	\$ 191,116
Heat, Light & Power	-	22,390	22,390	247	27,384	27,631	302	27,291	27,593
Regional Sewage Disposal	-	71,025	71,025	-	64,201	64,201	-	76,908	76,908
Contract Work	268,792	-	268,792	384,209	-	384,209	512,237	-	512,237
Consulting Engineers	43,531	-	43,531	84,116	-	84,116	83,705	-	83,705
Debt Service	-	307,558	307,558	-	333,201	333,201	-	365,449	365,449
All Other	96,072	302,868	398,940	186,304	364,469	550,773	162,903	391,159	554,062
Grand Total	\$ 436,392	\$ 831,759	\$ 1,268,151	\$ 683,069	\$ 931,182	\$ 1,614,251	\$ 791,267	\$ 1,019,803	\$ 1,811,070

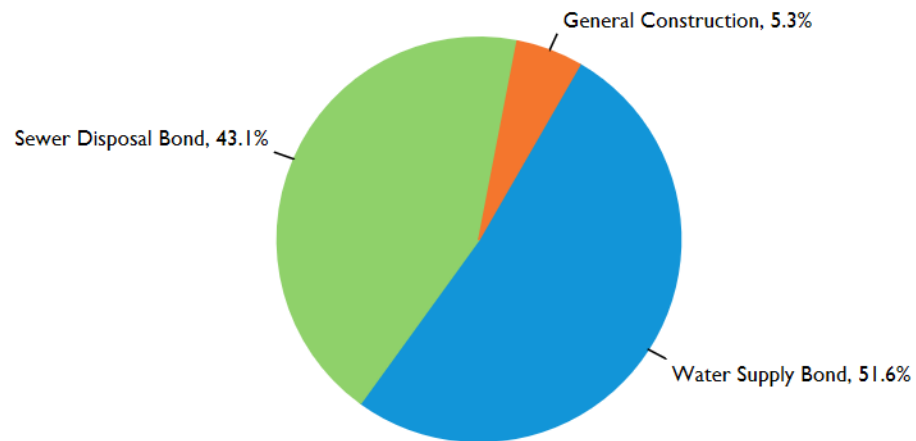
FY 2025 PROPOSED BUDGET BY FUND

Grand Total = \$1,811,070

\$ in thousands



Operating Funds = \$1,019,803



Capital Funds = \$791,267

HOW EACH OPERATING DOLLAR IS SPENT



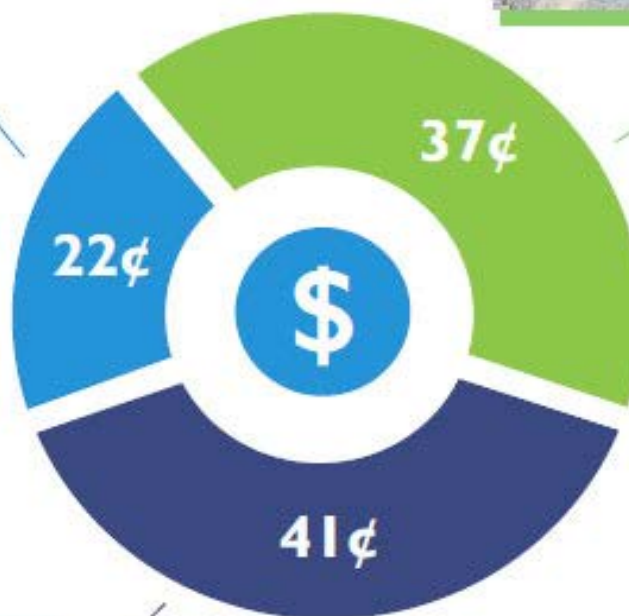
People

- Salaries and wages
- Employee benefits
- Employee trainings



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
- Customer service
- Corporate finance
- IT service



Debt Service & PAYGO

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



REVENUE AND EXPENSE TRENDS

Water & Sewer Operating Funds - Combined

(\$ in thousands)	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Revenues					
Water Consumption Charges	\$ 275,019	\$ 316,386	\$ 331,002	\$ 355,139	\$ 363,662
Sewer Use Charges	353,536	392,648	418,435	435,003	445,443
Account Maintenance Fees	32,346	30,597	34,888	36,259	59,964
Infrastructure Investment Fees	39,886	37,726	43,269	44,180	74,839
Plumbing and Inspection Fees	16,882	19,491	20,513	20,380	21,356
Rockville Sewer Use	3,147	3,289	3,879	3,100	3,300
Grants Revenue	870	2,220	2,743	1,761	2,500
Miscellaneous	16,078	25,052	25,069	26,961	27,251
Interest Income	392	1,120	14,924	8,000	8,860
Uncollectible	-	-	-	(7,901)	(7,901)
Cost Sharing Reimbursement	-	-	-	743	7,013
Total Operating Revenues	\$ 738,156	\$ 828,529	\$ 894,722	\$ 923,625	\$ 1,006,287
Other Credits and Transfers					
Use of Fund Balance	8,000	-	-	-	-
Reconstruction Debt Service Offset	9,500	6,000	-	-	-
SDC Debt Service Offset	5,772	5,772	5,772	5,772	5,772
Premium Transfer	7,151	-	2,503	-	-
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000
Miscellaneous Offset	-	-	-	1,200	-
Total Funds Available	\$ 770,579	\$ 842,301	\$ 904,997	\$ 932,597	\$ 1,014,059
Expenses					
Salaries & Wages	130,884	125,788	127,044	141,179	158,146
Heat, Light & Power	18,234	21,014	22,390	27,373	27,278
Regional Sewage Disposal	58,658	60,751	71,025	64,201	76,908
Debt Service					
Principal Payments	151,398	155,358	162,080	182,127	211,311
Interest Payments	130,446	124,899	138,013	146,340	150,657
PAYGO	-	27,585	31,016	44,000	50,601
All Other	247,004	247,686	271,026	319,132	339,158
Total Expenses	\$ 736,624	\$ 763,081	\$ 822,594	\$ 924,352	\$ 1,014,059

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 metrics.

REVENUE AND EXPENSE TRENDS (Continued)

General Bond Debt Service Fund

(\$ in thousands)	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Operating Revenues					
Front Foot Benefit & House Connection	\$ 10,664	\$ 8,674	\$ 6,998	\$ 5,321	\$ 2,823
Interest Income	20	51	256	-	-
Miscellaneous	189	219	203	190	210
Total Operating Revenues	\$ 10,873	\$ 8,944	\$ 7,457	\$ 5,511	\$ 3,033
Other Credits and Transfers					
Reconstruction Debt Service Offset	9,500	6,000	-	-	-
Use of Fund Balance	(9,500)	(6,000)	-	-	-
Total Funds Available	\$ 10,873	\$ 8,944	\$ 7,457	\$ 5,511	\$ 3,033
Expenses					
Salaries & Wages	915	894	874	748	850
Heat, Light & Power	7	-	-	11	13
All Other	948	869	826	1,337	1,400
Subtotal	\$ 1,870	\$ 1,763	\$ 1,700	\$ 2,096	\$ 2,263
Debt Service					
Principal Payments	7,985	4,721	3,304	3,172	1,953
Interest Payments	2,151	4,236	4,161	1,562	1,528
Subtotal	\$ 10,136	\$ 8,957	\$ 7,465	\$ 4,734	\$ 3,481
Total Expenses	\$ 12,006	\$ 10,720	\$ 9,165	\$ 6,830	\$ 5,744

REVENUE AND EXPENSE TRENDS (Continued)

Capital Funds

(\$ in thousands)	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Funds Provided					
Bonds and Notes Issues/Cash on Hand	\$ 402,261	\$ 407,182	\$ 414,795	\$ 555,354	\$ 637,772
PAYGO	-	19,933	31,016	44,000	50,601
Federal & State Grants	4,392	16,974	5,697	25,142	30,720
System Development Charge	8,393	3,402	9,635	36,945	49,926
Other Contributions	14,192	7,614	10,158	21,628	22,248
Total Capital Funds	\$ 429,238	\$ 455,105	\$ 471,301	\$ 683,069	\$ 791,267
Expenses					
Salaries & Wages	\$ 25,911	\$ 27,647	\$ 27,997	\$ 28,193	\$ 32,120
Heat, Light & Power	-	-	-	247	302
Contract Work	217,590	251,913	268,792	384,209	512,237
Consulting Engineers	42,349	42,322	43,531	84,116	83,705
All Other	141,043	75,925	96,072	186,204	162,903
Total Capital Expenses	\$ 426,893	\$ 397,807	\$ 436,392	\$ 682,969	\$ 791,267

SECTION 2

PROPOSED RATES, FEES AND CHARGES

PROPOSED RATES, FEES AND CHARGES

Presented in this section are the Fiscal Year (FY) 2025 proposed variable and fixed rates, as well as fees and charges that will be effective July 1, 2024. 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 - PROPOSED RATE IMPACT

8.5% Average Water and Sewer Revenue Enhancement

		FY 2025 Proposed (\$ in thousands)
FUNDING SOURCES		
<u>Revenues (at current rates)</u>		
Consumption Charges	\$	790,142
Account Maintenance Fees (AMF)		36,259
Infrastructure Investment Fees (IIF)		44,180
Uncollectible		(7,901)
<u>Other Revenues</u>		
Interest Income		8,860
Miscellaneous Revenues		61,420
Subtotal	\$	932,960
<u>Other Credits and Transfers</u>		
Systems Development Charges (SDC) Debt Service Offset		5,772
Underwriters Discount Transfer		2,000
Total Funding Sources	\$	940,732
EXPENSES		
Operating, Maintenance & Support Services Expenses		601,490
Debt Service		361,968
Pay-As-You-GO (PAYGO)		50,601
Total Expenses	\$	1,014,059
Shortfall to be Covered by Revenue Enhancement	\$	(73,327)
Proposed Average Water and Sewer Rate Increase (Shortfall divided by Revenues)		8.5 %

The FY 2025 Proposed Budget calls for a combined 8.5% average increase in water consumption and sewer use revenues, AMF and IIF. This proposed increase meets the 8.5% Spending Affordability Guidelines (SAG) limit recommended by both Prince George's and Montgomery Counties. Even with this revenue enhancement, WSSC Water rates remain favorable when compared to many other comparable water and sewer utilities as shown in section 3.

WATER AND SEWER RATE SCHEDULES

Proposed Rate Schedule Effective July 1, 2024

Average Daily Consumption by Customer Unit During Billing Period (Gallons Per Day)	FY 2025 July 1, 2024 Proposed		Total
	Water Rates	Sewer Rates	Combined
	Per 1,000 Gallons		
0 - 80.9999	\$ 6.69	\$ 8.88	\$ 15.57
81 - 165.9999	7.56	9.86	17.42
166 - 275.9999	8.70	12.38	21.08
276 & Greater	10.20	16.35	26.55

Proposed Flat Rate Sewer Charge - \$152.00 per quarter

Current Rate Schedule

Average Daily Consumption by Customer Unit (Gallons Per Day)	FY 2024 July 1, 2023 Approved		Total
	Water	Sewer	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 Daily Consumption (Gallons Per Quarter)	Approved FY 2021	Approved FY 2022	Approved FY 2023	Approved FY 2024	Proposed FY 2025	% Increase
3/4" Residential Meter	100 (9,125 gal/qtr)	\$ 145.58	\$ 152.48	\$ 162.42	\$ 173.77	\$197.92	13.9%
3/4" Residential Meter	145 (13,231 gal/qtr)	203.47	213.79	227.71	243.96	269.45	10.5%
3/4" Residential Meter	500 (45,625 gal/qtr)	840.78	888.79	946.56	1,012.72	1,057.11	4.4%
2" Meter	1,000 (91,250 gal/qtr)	2,004.81	2,110.76	2,248.01	2,405.15	2,614.45	8.7%
3" Meter	5,000 (456,250 gal/qtr)	10,284.01	10,853.51	11,559.50	12,367.29	13,145.49	6.3%
6" Meter	10,000 (912,500 gal/qtr)	20,852.26	22,001.19	23,432.35	25,069.80	26,702.98	6.5%

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

ACCOUNT MAINTENANCE FEES

Proposed For Implementation July 1, 2024

Meter Size	FY 2024 Current Quarterly Charges	FY 2025 Proposed Quarterly Charges
<u>Small Meters</u>		
5/8" to 1"	\$ 18.23	\$ 30.08
<u>Large Meters</u>		
1-1/2"	18.23	30.08
2"	30.77	50.78
3"	75.21	124.10
4"	161.82	267.01
6"	175.49	289.56
8"	227.91	376.06
10"	280.33	462.55
<u>Detector Check Meters</u>		
2"	37.61	62.06
4"	201.71	332.83
6"	290.59	479.48
8"	525.34	866.82
10"	721.34	1,190.22
<u>Fire Service Meters</u>		
4"	207.40	342.21
6"	333.89	550.92
8"	515.08	849.89
10"	777.17	1,282.34
12"	1,127.02	1,859.59

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

INFRASTRUCTURE INVESTMENT FEES

Proposed For Implementation July 1, 2024

Meter Size	FY 2024 Current Quarterly Charges	FY 2025 Proposed Quarterly Charges
<u>Small Meters</u>		
5/8"	\$ 12.54	\$ 20.70
3/4"	13.67	22.56
1"	15.95	26.32
<u>Large Meters</u>		
1-1/2"	102.56	169.23
2"	210.82	347.86
3"	666.64	1,099.96
4"	926.46	1,528.66
6"	1,441.54	2,378.55
8"	3,242.03	5,349.35
10"	5,042.51	8,318.50
<u>Fire Service Meters</u>		
4"	568.64	938.26
6"	701.96	1,158.24
8"	2,876.22	4,745.77
10"	3,092.74	5,103.03
12"	5,941.61	9,803.66

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

SYSTEM DEVELOPMENT CHARGES

Proposed For Implementation July 1, 2024

SDC Category	FY 2024 Current Charges	FY 2025 Proposed Charges	Current Maximum Allowable	Proposed Maximum Allowable
Apartment				
Water	\$ 896	\$ 896	\$ 1,536	\$ 1,571
Sewer	1,140	1,140	1,954	1,999
1-2 toilets/residential				
Water	1,344	1,344	2,305	2,358
Sewer	1,710	1,710	2,929	2,996
3-4 toilets/residential				
Water	2,240	2,240	3,841	3,930
Sewer	2,850	2,850	4,888	5,000
5 toilets/residential				
Water	3,135	3,135	5,375	5,499
Sewer	3,991	3,991	6,843	7,000
6+ toilets/residential (per fixture unit)				
Water	88	88	153	156
Sewer	115	115	199	204
Non-residential (per fixture unit)				
Water	88	88	153	156
Sewer	115	115	199	204

No increase is proposed for the System Development Charges for FY 2025 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 2.3% 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 2022 to November 2023.

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2024

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 below are proposed to be effective July 1, 2024.

Fee/Charge Number and Name	Current	FY 2025 Proposed	Charge Change
INSPECTIONS, LICENSES AND PERMITS			
IA Inspection Fees - Water/Sewer Connection Hookup, Well/Septic Hookup, Plumbing and Gas-fitting Inspections			
<u>Plumbing and Gas-fitting Inspections</u>			
New Single Family Detached Dwellings and Townhouses	\$ 1,350	\$ 1,485	Yes
New Attached Dwellings (townhouses/multiplex excluding apartments)	1,350	1,485	Yes
<u>All Other Residential</u>			
Water/Well Hookup	150	155	Yes
Meter Yoke Inspection (meter only installation)	150	155	Yes
Water Hookup Converting from Well (includes 2 inspections)	300	310	Yes
Sewer/Septic Hookup	150	155	Yes
First Plumbing Fixture	150	155	Yes
Each Additional Fixture	80	80	-
SDC Credit Fixture Inspection (per fixture)	65	65	-
Minimum Permit Fee	265	275	Yes
Permit Reprocessing Fee	75	75	-
Long Form Permit Refund Fee	265	275	Yes
Long Form Permit Re-Issue Fee	265	275	Yes
<u>All Non-Residential</u>			
<u>Plan Review without Permit Application</u>			
25 Fixtures or Less	590	650	Yes
26-200 Fixtures	2,935	3,230	Yes
Over 200 Fixtures	6,175	7,100	Yes
<u>2nd or 3rd Review (with or without permit application)</u>			
25 Fixtures or Less	235	260	Yes
26-200 Fixtures	665	730	Yes
Over 200 Fixtures	1,480	1,700	Yes
Water/Well Hookup	275	285	Yes
Meter Yoke Inspection (meter only installation)	275	285	Yes
Sewer/Septic Hookup	275	285	Yes
FOG Interceptor	275	285	Yes
First Plumbing Fixture	275	285	Yes
Each Additional Fixture	75	80	Yes
SDC Credit Fixture Inspection (per fixture)	65	70	Yes
Minimum Permit Fee	390	400	Yes
Permit Reprocessing Fee	75	80	Yes
<u>Other Services</u>			
Permit Consulting Fee	150	155	Yes
IB Long Form Permit Refund Fees			
Long Form Permit Refund Fee	390	400	Yes
Long Form Permit Re-Issue Fee	390	400	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2024

Fee/Charge Number and Name	Current	FY 2025 Proposed	Charge Change
INSPECTIONS, LICENSES AND PERMITS (Continued)			
2 License Fees for the Regulated Trades			
<u>Reciprocal Master Plumber, Gas-fitter</u>			
Initial Registration per type (for 2 years)	\$ 140	\$ 145	Yes
Registration Renewal all types (for 2 years)	115	120	Yes
Late Registration Renewal	70	70	-
<u>Examined Master Plumber, Gas-fitter</u>			-
Initial Registration per type (for 4 years)	150	155	Yes
Registration Renewal all types (for 4 years)	150	155	Yes
Late Registration Renewal	70	75	Yes
Cross-connection Technician Registration	35	40	Yes
Sewer and Drain Registration and Renewal (for 2 years)	60	65	Yes
Sewer and Drain Late Renewal Fee	30	30	-
<u>Journeyman License Registration</u>			
Initial Registration per type (for 2 years)	50	50	-
Registration Renewal (for 2 years)	50	50	-
Late Registration Renewal	30	30	-
License Transfer Fee	30	30	-
License Replacement Fee	20	20	-
Apprentice License Registration Renewal	15	15	-
3 Short Form Permit Fee (up to 3 fixtures) - Non-Refundable	150	160	Yes
4 Long Form Permit Transfer Fee (with inspection)	220	225	Yes
5 Tapper License Fees			
Permit Fee	360	360	-
Duplicate	40	45	Yes
6 Watershed Use Permit Fees			
<u>Boat Removal and Impoundment Fees</u>			
Boat/Craft Removal and Impoundment Fee	105	150	Yes
Removed Boat/Craft Storage Fee (Monthly)	80	90	Yes
<u>Watershed Use Permit Fees</u>			-
Watershed Use Permit (January 1-December 31)	70	70	-
Watershed Use Permit (Single Day)	5	5	-
Open Season Boat Mooring (March 15 - November 30)	80	90	Yes
Winter Boat Mooring (December 1 - March 14)	60	75	Yes
Azalea Garden Rental (4 hours)	75	75	-
Bio-Brick Pavilion Rental (4 hours)	100	100	-
Boarding Stable Entrance Permit (Single Day)	260	260	-
Adjacent Landowner Entrance Permit (Single Day)	80	80	-
<u>Picnic Permit</u>			
Picnic Permit - Groups of 1-5 Persons (Single Day)	5	5	-
Picnic Permit - Groups of 6-10 Persons (Single Day)	10	10	-
Picnic Permit - Groups of 11-15 Persons (Single Day)	15	15	-
7 Site Utility Inspection Fees (Non-Minor) / DRP-DR Developer			
Base Fee	2,795	4,390	Yes
Pipeline (per foot)	9.40	10.00	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2024

Fee/Charge Number and Name	Current	FY 2025 Proposed	Charge Change
DISCHARGE AND WATER PROTECTION			
8 Septic Hauler Discharge Permit Fees			
<u>Category I - Residential & Septic Waste & Grease</u>			
1-49 gallons (per vehicle)	\$ 255	\$ 255	-
50-799 gallons (per vehicle)	7,425	8,170	Yes
800-2,999 gallons (per vehicle)	21,175	23,295	Yes
3,000 gallons & up (per vehicle)	42,050	42,050	-
January thru June (50% of fee)	50% of fee	50% of fee	-
Transfer and/or Replacement Permit Sticker	170	185	Yes
Industrial/Special Waste Disposal Fee (per 1,000 gallons)	400	400	-
Zero Discharge Permit Fee	170	185	Yes
Temporary Discharge Permit Fee <u>plus</u> sewer rate per 1,000 gallons	220	265	Yes
Sewer Rate - Hauled Waste (1,000 gallons of truck capacity)	50	50	-
9 Industrial Discharge Control Program Fees By Category			
<u>Industrial Users Subject to Categorical Pretreatment Standards</u>			
Less than 5,000 gpd (double visit)	7,445	8,190	Yes
Greater than 5,000 gpd (double visit)	11,405	12,545	Yes
Non-Discharging Categorical Industries (zero discharge)	2,010	2,210	Yes
<u>Significant Industrial Users</u>			
Less than 25,000 gpd (single visit - priority pollutant sampling)	7,445	8,190	Yes
Greater than 25,000 gpd (double visit - priority pollutant sampling)	11,405	12,545	Yes
Penalty Charge for Late Fee Payment	5% of fee	5% of fee	-
10 Discharge Authorization Permit Fees			
Significant Industrial User - Initial Permit (for 4 years)	8,855	9,740	Yes
Significant Industrial User - Renewal (for 4 years)	4,340	4,775	Yes
Initial Zero-Discharge CIU Permit (for 4 years)	3,360	3,695	Yes
Reissued Zero-Discharge CIU Permit (for 4 years)	2,240	2,465	Yes
Temporary Discharge Permit (non-SIU)	8,855	9,740	Yes
11 Discharge Fees - Food Service Establishment			
Full Permit FSE	590	650	Yes
BMP Permit FSE	170	185	Yes
12 Cross Connection Fees			
Test Report Fee (per report)	55	55	-
Base Fee for High Hazard Commercial Water Customer (per month)	25	25	-
Base Fee for All Other Commercial Water Customer (per month)	12.50	12.50	-

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2024

Fee/Charge Number and Name	Current	FY 2025 Proposed	Charge Change
METERS AND RELATED SERVICES			
13 Small Meter Replacement Fee (at Customer Request)	\$ 215	\$ 220	Yes
14 Meter Replacement Fees (Damaged or Stolen Meter)			
5/8" w/ touch pad (inside w/remote)	135	200	Yes
5/8" w/ pit pad (outside w/o remote)	140	140	-
5/8 Meter - pad encoder	135	135	-
5/8" x 3/4" w/ touch pad (inside w/ remote)	135	135	-
3/4" w/ touch pad (inside w/ remote)	160	240	Yes
3/4" w/ pit pad (outside w/o remote)	165	165	-
1" w/ touch pad (inside w/ remote)	205	305	Yes
1" w/ pit pad (outside w/o remote)	210	320	Yes
1" Kamstrup Meter, UT	370	370	-
1 1/2" Badger Flanged Meter	570	670	Yes
1 1/2" Flanged Meter	630	710	Yes
1 1/2" Nipple Meter	740	810	Yes
2" Flanged Meter	960	1,080	Yes
2" 15 1/4 Flanged Meter	1,210	1,325	Yes
3" Compound Meter	2,205	2,250	Yes
4" Compound Meter	3,250	3,300	Yes
6" Compound Meter	5,225	5,290	Yes
Turbine, Horizontal 3" Neptune w/ pit pad	1,480	1,490	Yes
Turbine, Horizontal 4" Neptune w/ pit pad	1,980	1,990	Yes
2" Hersey MVR Turbine	1,000	1,020	Yes
3" Hersey MVR Turbine	2,805	2,845	Yes
4" Hersey MVR Turbine	3,920	3,975	Yes
6" Hersey MVR Turbine	4,815	4,880	Yes
2" Detector Check	4,620	4,725	Yes
4" Detector Check	3,300	3,630	Yes
6" Detector Check	3,880	4,235	Yes
8" Detector Check	5,020	5,455	Yes
10" Detector Check	6,385	6,845	Yes
12" Detector Check	22,250	22,790	Yes
4" Fire Service Meter	8,190	8,650	Yes
6" Fire Service Meter	10,075	10,560	Yes
8" Fire Service Meter	12,540	13,050	Yes
10" Fire Service Meter	14,430	14,970	Yes
12" Fire Service Meter	20,440	20,980	Yes
5/8" Ultra Sonic	-	440	New
3/4" Ultra Sonic	-	520	New
3" Octave UT L=24	3,105	3,145	Yes
4" Octave UT L=29/ L=33	4,110	4,160	Yes
6" Octave UT L=45	6,040	6,110	Yes
8" Octave UT L=53	9,710	10,145	Yes
10" Octave UT L=68	13,115	13,575	Yes
15 Meter Testing Fees			
5/8" to 1"	260	265	Yes
1-1/2"	420	435	Yes
2" and up	470	485	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2024

Fee/Charge Number and Name	Current	FY 2025 Proposed	Charge Change
METERS AND RELATED SERVICES (Continued)			
16 Sub-Meter Installation Fees			
One-time Sub-Meter Charge - Small	\$ 260	\$ 260	-
One-time Sub-Meter Charge - Large	525	525	-
One-time Inspection Fee	100	115	Yes
17 Water Turn-Off, Turn-On Fees			
A. Customer Requested - Water Turn-Off, Turn-On Fees			
Small Meter Turn-Off	60	60	-
Small Meter Turn-On	90	95	Yes
Large Meter Turn-Off	200	205	Yes
Large Meter Turn-On	230	235	Yes
B. WSSC Water Scheduled Action - Water Turn-Off, Turn-On Fees			
Small Meter Turn-On	135	140	Yes
Large Meter Turn-On	405	415	Yes
18 Call Back Fee (small meters, plumbers)	90	95	Yes
19 Call Back Fee (large meters, plumbers)	355	355	-
20 Missed Appointment Fees			
First Missed Appointment or Restoration of Service Turn-On	95	120	Yes
Each Additional Missed Appointment	110	120	Yes
21 Meter Reinstallation Correction Fee	385	385	-
22 Sewer Meter Maintenance Fee (per year)	20,995	22,675	Yes
Quarterly Calibrations (per quarter)	5,250	5,670	Yes
23 Property Inspection Fee	120	130	Yes
24 Warehouse Restocking Fee	80	85	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2024

Fee/Charge Number and Name	Current	FY 2025 Proposed	Charge Change
FIRE HYDRANT SERVICES			
25 Temporary Fire Hydrant Connection Fees			
<u>3/4" Meter - Deposit</u>			
3/4" Meter Deposit	\$ 380	\$ 380	-
<u>3" Meter - Deposit</u>			
3" Meter Deposit	2,420	2,420	-
<u>Service Charge</u>			
2 Weeks or Less (3/4" meter)	95	105	Yes
2 Weeks or Less (3" meter)	130	130	-
Over 2 Weeks (3/4" and 3" meters)	175	175	-
Water Consumption - 3/4" meter (Minimum charge or Tier 4 rate per 1,000 gallons flat rate)	35	35	-
Water Consumption - 3" meter (Minimum charge or Tier 4 rate per 1,000 gallons flat rate)	240	240	-
Late Fee for Return of Meter (per day)	10	10	-
			-
Fee on Unpaid Temporary Fire Hydrant Billings	1.5% per month	1.5% per month	
	Replacement	Replacement	
Loss/Destruction of Meter	cost	cost	-
Loss/Destruction of Wrench	40	40	-
26 Truck Inspection Fee with Attached Fire Hydrant Meter (for 2 years)	50	50	-
27 Fire Hydrant Flow Test Fees			
No Current Test	690	730	Yes
Current Test	80	80	-

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2024

Fee/Charge Number and Name	Current	FY 2025 Proposed	Charge Change
DEVELOPMENT SERVICES			
28 Feasibility Review Fees (WSSC Water Built)			
Feasibility Submission Fee (non-refundable)	\$ 1,980	\$ 2,140	Yes
Feasibility Review & Report Fee Deposit (can be deferred as deficit when extension is completed)	17,370	19,105	Yes
29 Construction Services Fee	9.3% of WSSC Water's unit cost estimate or 12% of contractor's cost estimate	9.3% of WSSC Water's unit cost estimate or 12% of contractor's cost estimate	-
30 Design Review (SEP / DRP-DR Developer)			
Development is More than 10 Residential Units or Commercial	11,500	12,500	Yes
Development is 10 Residential Units or Less	5,750	7,650	Yes
31 Hydraulic Planning Analysis and System Planning Forecast			
Basic Project Category (per Development Services Code)	5,430	7,220	Yes
Moderate Project Category (per Development Services Code)	7,570	10,070	Yes
Complex Project Category (per Development Services Code)	9,230	12,275	Yes
32 Extra Review Fees			
<u>Per SEP Plan Review/ DRP-DR Developer</u>			
Minor Additional Reviews of Unsigned or Signed Plans (per review)	1,705	2,270	Yes
Major/Splitting Additional Reviews of Unsigned or Signed Plans (per review)	3,410	4,535	Yes
<u>Per Site Utility/Minor Utility Additional Unsigned or Signed Plan Review</u>			
Site Utility (per review)	2,135	2,350	Yes
Minor Site Utility (per review)	555	610	Yes
<u>Per Hydraulic Planning Analysis/Systems Planning Forecast Application</u>			
Additional Review of Required Data (per application)	1,315	1,510	Yes
33 In-House Design Deposit	Deposit	Deposit	-
34 Partial Certificate of Substantial Completion Release Fee (up to 50% of construction)	1,640	1,770	Yes
35 Off-Property Service Connection Reimbursement	Reimbursement	Reimbursement	-
36 Service Connection Application and Inspection Fee (per permit)	2,430 water and/or sewer connection	2,430 water and/or sewer connection	-
37 Government Referred Plan Review			
Major Development - Over 10 Units	1,710	1,845	Yes
Minor Development - 10 or Less Units	790	790	-
Re-Review Fee for Major Development	790	790	-
Re-Review Fee for Minor Development	395	395	-
38 Pre-Screen Fee All DSD Plan Types	410	410	-
Plumbing/Fuel Gas Plans Reviews Pre-Screen Fee	-	190	Yes
39 Site Utility (On-site) Review Fees			
Base Fee	4,430	4,875	Yes
Additional Fee per 100 feet	430	445	Yes
Minor (Waived) Site Utility (On-Site) Fee	1,535	1,660	Yes
40 Name/Transfer of Ownership Change Fee	325	350	Yes
41 Variance Review Fee	1,500	1,500	-

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2024

Fee/Charge Number and Name	Current	FY 2025 Proposed	Charge Change
PIPELINE, ENGINEERING AND ENVIRONMENTAL SERVICES			
42 Shutdown/Charge Water Main Fee	\$ 1,180	\$ 1,275	Yes
Shutdown Complex Water Main Fee	2,145	2,895	Yes
43 Review and Inspection Fees for Site Work Potentially Impacting WSSC Water Pipelines			
Simple Review	400	410	Yes
Complex Review / Non-DR Developer Review	5,425	5,590	Yes
Inspection for Minor Adjustment / Non-DR Developer (per inspection)	270	285	Yes
44 Relocation Fee			
Inspection for MOU project (minimum charge up to 4 hours)	600	600	-
45 Connection Abandonment Fees			
County Roads (except Arterial Roads) - Water	1,470	1,765	Yes
County Roads (except Arterial Roads) - Sewer	1,870	2,245	Yes
State Roads and County Arterial Roads - Water	1,770	2,125	Yes
State Roads and County Arterial Roads- Sewer	2,200	2,640	Yes
46 Chlorination Confirmation Test Fee (per first test)	245	260	Yes
Re-Test or Additional Tests (per hour)	185	200	Yes
47 Re-Test or Additional Tests Chlorination and Pressure Test (per test)	185	200	Yes
Inspector Overtime (per hour)	205	210	Yes
48 Review Fee for Additional Reviews of Contract Documents As-Built (per hour)	206	206	-
49 Residential Outside Meter Housing Upgrade/Pipe Alteration	6,810	6,980	Yes
50 Utility Erosion and Sediment Control Permit Fees (per linear foot)			
Minor Projects (<125 linear foot OR less than 42 inch deep and 20 inch width)	0.45	0.45	-
Major Projects	0.45	0.45	-
Minimum Charge for Major Projects	120	120	-
51 Right-of Way Release (or Subordination) Review Fee (per document)	1,575	1,700	Yes
52 Right-of Way Acquisition and Condemnation for SEP Projects	Reimbursement	Reimbursement	-
53 Environmental Site Review Fee			
With Database Search Submitted by Applicant	440	485	Yes
54 Feasibility Report and Committee Review Fee for On-Site Takeover Projects	1,960	2,255	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2024

Fee/Charge Number and Name	Current	FY 2025 Proposed	Charge Change
PUBLICATIONS AND ADMINISTRATIVE			
55 Plans, Plats and 200' Reference Maps Copies			
Xerographic bond paper copy (per sheet)	\$ 5	\$ 5	-
56 WSSC Water Plumbing and Fuel Gas Code (Plumbing Code)			
Sale of Plumbing Regulation (per book)	55	60	Yes
57 Contract Specifications, Contract Specification Books, Drawings, Design Manuals, Standard Details and General Conditions			
<u>Construction Specifications/Drawings</u>			
Utility Contracts (up to \$20)	11 - 20	11 - 20	-
Facility Contracts (up to \$450)	40 - 450	40 - 450	-
Construction Standard Details	80	85	Yes
Construction General Conditions & Standard Specifications	85	90	Yes
SEP Construction General Conditions & Standard Specifications	85	90	Yes
<u>Procurement Specifications/Drawings/General Conditions</u>			
With Routine Specifications	No charge	No charge	-
With Complex/Voluminous Specifications (up to \$200)	40 - 200	40 - 200	-
58 Photocopies of WSSC Water Documents Charges			
Readily Available Source Material (per single sided page)	0.30	0.30	-
Certified Copy of Readily Available Source Material (per single sided page)	0.60	0.60	-
Scanning Documents (per single sided page)	0.30	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)			
59 WSSC Water Pipeline Design Manual Fee	90	95	Yes
60 WSSD Laws			
Bound Volume	85	85	-
Supplements	45	45	-
61 Transcribed Tape of a Hearing or Meeting Fee	Prevailing fee charged by vendor	Prevailing fee charged by vendor	-

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2024

Fee/Charge Number and Name	Current	FY 2025 Proposed	Charge Change
OTHER FEES AND CHARGES			
62 Patuxent Watershed Civil Citation Fees (State Mandated)			
First Offense	\$ 150	\$ 150	-
Each Additional Offense within Calendar Year	300	300	-
63 Civil Citation Fees - Sediment Control, Theft of Service and Plumbing Civil Citations (State Mandated)			
First Offense	250	250	-
Second Offense	500	500	-
Third Offense	750	750	-
Each Violation in Excess of Three	1,000	1,000	-
64 Lobbyist Registration Fee (Code of Ethics)	125	125	-
65 Dishonored Check Fee & Electronic Payment Fee	35	35	-
(applies to all dishonored checks and dishonored electronic payments)			
66 Credit Card Surcharge (Applies to customer payment of the Point-of-Sale fee/charge by credit card other than water and sewer billing)	2% of amount charged	2% of amount charged	-
67 Protest Filing Fee	857	926	Yes
68 Preparation of Hold Harmless Agreement Fee	1,800	1,980	Yes
69 Connection Redemption Fee	16	20	Yes
70 Financial Disclosure Filer Late Fee (per day/\$500 max)	5	5	-

SECTION 3

EQUITY AND ENVIRONMENTAL JUSTICE

EQUITY AND ENVIRONMENTAL JUSTICE

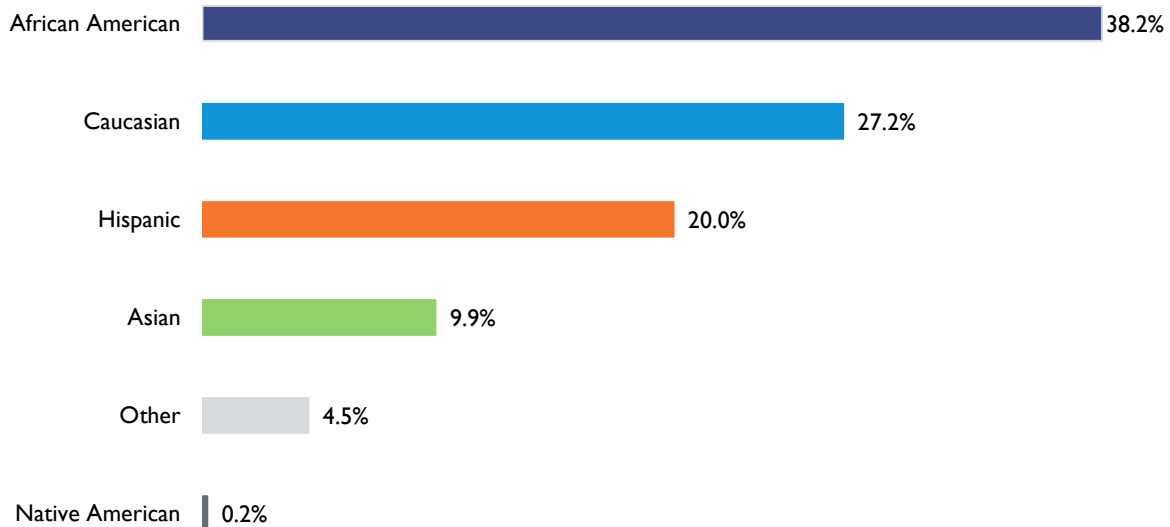
This section discusses Equity and Environmental Justice (EEJ) topics related to WSSC Water's operations, including demographics about our customer base, equity issues in the provision of water and sewer services, supplier diversity, workforce diversity and customer affordability. In addition, this section highlights future and existing EEJ programs supported by the Fiscal Year (FY) 2025 Proposed Budget and data related to these focus areas.

CUSTOMER DEMOGRAPHICS

WSSC Water provides water and sewer services to a diverse customer base of nearly 2.0 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). The data represents estimates for calendar year 2022, which is the latest year for which data is available, but is based on sampling data for calendar years 2018 through 2022 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 38.2% African American, 27.2% Caucasian, 20.0% Hispanic, 9.9% Asian, 0.2% Native American, and 4.5% 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, 31.2% of the population is under 25 years of age, 40.4% is between the ages of 25 and 54, and 28.4% is 55 years of age or older.

Age Bracket	Share of Population (%)
Under 5 Years	6.1%
5 to 14 Years	12.6%
15 to 24 Years	12.5%
25 to 34 Years	13.1%
35 to 44 Years	13.7%
45 to 54 Years	13.6%
55 to 64 Years	13.2%
65 to 74 Years	9.1%
75 to 84 Years	4.3%
85 Years and Over	1.8%
Total	100.0%

As shown in the table below, the median household income for Montgomery and Prince George's Counties was \$112,601 in calendar year 2022. This compares favorably to the state-wide median household income of \$98,461 and the national median household income of \$75,149. This means that the median household income in the two Counties is approximately 14.4% higher than the state-wide figure and 49.8% higher than the national figure.

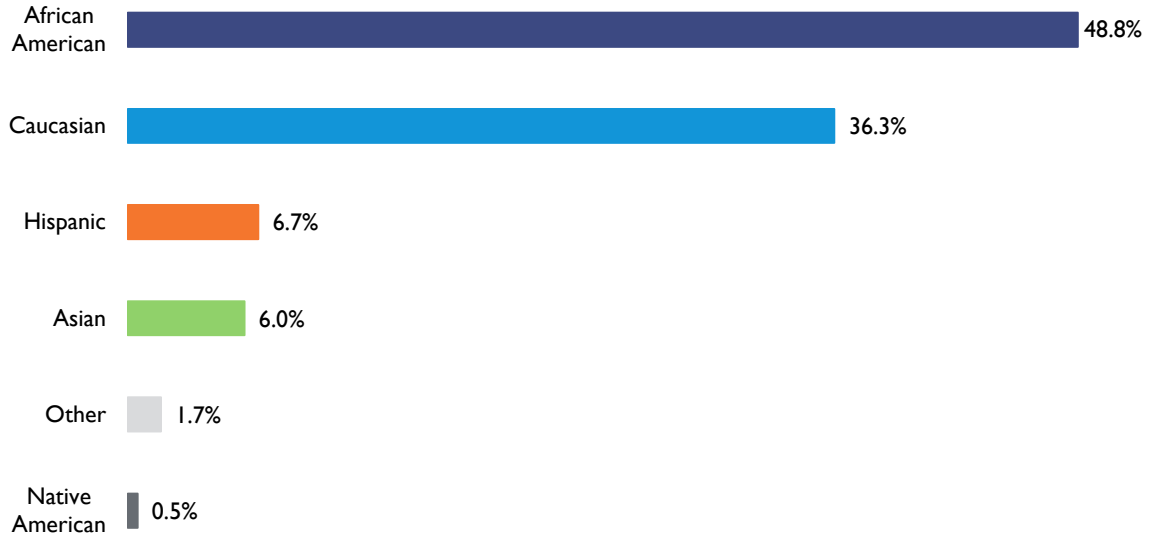
The table below also shows the percent of the population that is below the poverty level in Montgomery and Prince George's Counties combined, the State of Maryland, and the United States. In Montgomery and Prince George's Counties, approximately 8.3% of the population is below the poverty level. This is lower than the 9.3% figure for the State of Maryland and well below the national figure of 12.5%.

Region	Median Household Income	Population Below Poverty Level (%)
Montgomery & Prince George's Counties	\$ 112,601	8.3%
Maryland	\$ 98,461	9.3%
United States	\$ 75,149	12.5%

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/Equal Employment Opportunity 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 while building sustainable relationships, expanding opportunities and cultivating growth of small, local and minority business enterprises which adds value to the Commission and community we serve. 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 31st 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

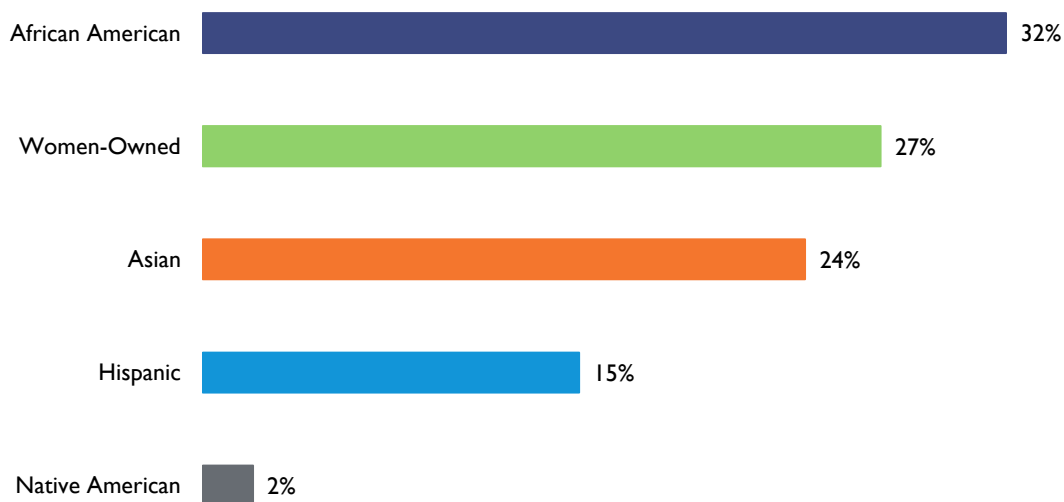
WSSC Water's MBE Program was originally developed in 1978. For more than 40 years, the MBE Program has sought to promote fair and inclusive contract participation, provide greater access for diverse firms and produce educational content to further develop diverse businesses. The program seeks to eliminate 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.

In FY 2023, WSSC Water spent more than \$148.4 million with MBE firms. This represents 28% of the total contract payments in FY 2023 for architectural and engineering services, construction services, goods and general services and professional services. Approximately 86% of MBE payments in FY 2023 went to firms located in the State of Maryland or Washington D.C. and about 50% of MBE Payments went to businesses located in Prince George's and Montgomery counties. Since 2012, the MBE Program has cumulatively paid out more than \$1.5 billion in payments to diverse businesses. The table below summarizes the contract payments performance of WSSC Water's MBE Program over the last five years.

Fiscal Year	MBE Contract Payments	Total Contract Payments	MBE Share (%)
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%
2023	148,428,314	532,576,797	28%
Total	\$ 732,393,161	\$ 2,512,717,090	29%

The chart below shows the breakdown of the FY 2023 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 32% 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 2023, WSSC Water awarded approximately \$101.6 million in contracts to MBE firms in the architectural and engineering services, construction services, goods and services and professional services contracting areas. This equates to 29% of the approximately \$345.5 million 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 2023, approximately \$31.1 million was spent with SLBE firms for architectural and engineering services, construction services, goods and services and professional services. Another approximately \$17.3 million was awarded in contracts to SLBE firms in these four contracting areas in FY 2023.

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 EQUITY AND ENVIRONMENTAL JUSTICE INITIATIVES

WSSC Water also has several other EEJ 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 EEJ 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 EQUITY AND ENVIRONMENTAL 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, WSSC Water submits applications to the Maryland Water Infrastructure Financing Administration seeking funding for 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 project needs validation process focuses on identifying the most effective solution based upon lifecycle costs, risk and level of service. The graphic below shows the six elements that make up the CIP prioritization criteria.

Project Needs Validation Process



OTHER EQUITY AND ENVIRONMENTAL JUSTICE INITIATIVES (Continued)

The Asset Management Division identified and incorporated the EEJ factors, utilizing the identified methodology, into the CIP prioritization criteria for the FYs 2025-2030 CIP. The criteria aligned with the plans and policies of the Counties as a potential way to incorporate EEJ factors into the criteria. Both Montgomery and Prince George's Counties have identified parts of their respective jurisdictions as focus areas based on EEJ 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.

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 14 applications for external funding to MWIFA as part of the latest funding round in January 2024. Applications generally 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.

The list below includes a brief description of the 9 projects/programs included in the applications submitted to MWIFA and additional information on how those projects/programs align with the Justice40 Initiative, if applicable.

New Projects

- **Trunk Sewer Program** – Rehabilitation of trunk sewer pipes in environmentally sensitive areas (ESAs).
Benefits: Total Maximum Daily Loads (TMDLs) loading reductions / system reliability
- **Parkway Electrical Upgrades** – Upgrades to blowers, air compressors, influent pumping station, emergency power generation, transformers, and switchgear to improve energy efficiency and resilience to flooding.
Benefits: Energy conservation / climate resiliency

External Funding for Disadvantaged Communities (Continued)

- **Western Branch WRRF Process Train Improvements** – Upgrades to process trains, main electrical substation, and emergency power generation.
Benefits: Climate resiliency / TMDL loading reductions (high flow mitigation)
- **Potomac Main Zone Pipeline Project** – Additional pumps in the High Zone pumping station to serve the Main Zone, new High Zone and Main Zone pumping station discharge pipes, and a new 84” discharge main; replacement of current 78” and 48” discharge mains once the new discharge main is in place.
Benefits: Water efficiency / conservation; energy conservation; redundancy
- **Energy Performance Program** – This program includes projects such as replacement or upgrade of water and wastewater process equipment, water and wastewater pumps, peak shaving and backup power generation systems, variable speed drives, HVAC equipment/systems, and lighting. Current projects include Piscataway WRRF blower system upgrades; Piscataway WRRF mixer replacement/upgrade; and Western Branch WRRF dewatering upgrades.
Benefits: Energy conservation / greenhouse gas emission reduction

Projects Previously Submitted

- **Lead Service Line Replacement** – Replacement of lead service lines as indicated by the lead service line inventory now underway.
Benefits: water quality – equity and environmental justice
- **Piscataway Bio-energy** – This project will produce a much-improved biosolids product which is pathogen-free (Class A) and has better aesthetic characteristics. The project will also maximize energy recovery from the methane produced from anaerobic digestion and reduce carbon emissions.
Benefits: Renewable energy / nutrient management
- **Sewer Reconstruction Program** – Funds rehabilitation of sewer pipes <15” in diameter, reducing infiltration and inflow and collection system overflows.
Benefits: TMDL loading reductions / system reliability (Combined Sewer Overflows reductions)
- **Water Main Reconstruction** – Six applications submitted for replacement of distribution-sized pipes <16” in diameter to improve service reliability and reduce real water loss.
Benefits: Water efficiency / conservation; energy conservation

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 are listed in the table below.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Customer Assistance Program	\$ 888,000	\$ 2,128,300	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000
Customer Assistance Enhancements*	1,000,000	-	-	-	-
PipeER Program	100,000	100,000	100,000	100,000	200,000
Bill Adjustments	1,212,000	1,212,000	1,212,000	1,212,000	1,212,000
CAP Leak Repair Program**	-	-	-	-	350,000
Water Fund Donation**	-	-	-	-	500,000
PromisePay**	-	-	-	-	3,300,000
Total Budget for Assistance Programs	\$ 3,200,000	\$ 3,440,300	\$ 3,512,000	\$ 3,512,000	\$ 7,762,000

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

** The CAP Leak Repair Program, Water Fund Donation, PromisePay Programs were established in FY 2025.

These programs aim to tackle customer affordability from several different angles, depending on the specific needs of the customer. The above table shows the funding levels for these programs, individually and overall, from FY 2021 through FY 2025. As shown in the table, WSSC Water has increased the funding for its financial assistance programs by approximately 142.6% over the last several years, from about \$3.2 million in FY 2021 to over \$7.7 million in FY 2025.

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>.

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 2024 at \$31.90 per quarterly bill or \$127.60 per year, which is equivalent to the fees for a 3/4" meter. The cap will increase to \$52.64 per quarterly bill or \$210.56 per year in FY 2025. 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. The CAP participants will undergo a recertification process 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 recertify every two years with OHEP to continue their CAP enrollment. The current income eligibility criteria established by OHEP for its energy assistance program are outlined in the following table.

WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

Customer Assistance Program (Continued)

Income Eligibility Limits Effective July 1, 2023 to June 30, 2024 (Based on 200% of the Federal Poverty Level)			
Household Size	Maximum Gross Monthly Income Standards		Maximum Gross Annual Income Standards
1	\$	2,430	\$ 29,160
2		3,287	39,440
3		4,143	49,720
4		5,000	60,000
5		5,857	70,280
6		6,713	80,560
7		7,570	90,840
8		8,427	101,120
For Each Additional Person, Add		857	10,280

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 by WSSC Water revenues. At the end of FY 2023, there were 16,479 active accounts enrolled in the CAP. For FY 2023, a total of nearly \$2.0 million in fixed fees had been waived, which represents a 10.0% increase as compared to FY 2022 enrollment.

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.

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 Maryland General Assembly passed, and the Governor signed, legislation that enabled WSSC Water to create the PipeER Program in 2018. In anticipation of approval of modification to House Bill 408 enacted in the FY 2018 legislative session, the preliminary budget provides \$200,000 to continue the PipeER Program, which will make available affordable financing of up to \$10,000 per eligible customer, with \$5,000 for water pipe and \$5,000 for sewer pipe. The new legislation proposes coverage for sewer pipes as well. The funds are

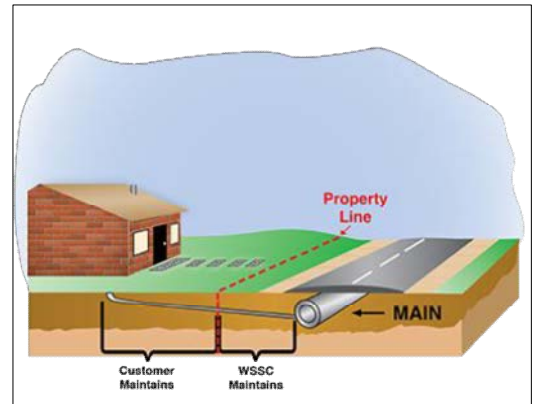
available on a first come, first served basis each FY until the fund is depleted. The loan proceeds are disbursed directly to a WSSC Water licensed plumber and any additional cost over the loan amount must be paid by the customer. The legislation will limit the total outstanding amount for all loans under the program to \$2.0 million. WSSC Water has committed to transferring any unused funds to the Water Fund each year to further aid customers facing financial hardships. WSSC Water established the PipeER Program in FY 2020.

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



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>.

WSSC Water plans on enhancing the existing bill adjustments program. Effective January 1, 2024, CAP, non-CAP and single-unit commercial customers impacted by certain eligible high bills may qualify for an adjustment for up to two consecutive billing periods. CAP customers will now qualify for a high bill adjustment if the high usage is at least 2.5 times greater than their historical usage. The program adds a sewer-only adjustment for water lost to a leak that does not enter the sewer system. For example, a leak from an outside hose bib resulting in water leaking to the ground and not returning to the wastewater collection system may qualify. To be eligible for a sewer-only adjustment, a receipt from a plumber or sworn customer affidavit is required.

WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

CAP Leak Repair Program

CAP-enrolled customers impacted by an on-property leak will be eligible to participate in this new program, which is expected to be rolled out in fall 2024. The budget for this new program is \$350,000 and it will be administered by a third-party nonprofit selected by WSSC Water and repairs must be made by a WSSC Water-registered plumber. The total cost of services provided to any CAP customer cannot exceed \$9,000.

Water Fund Donation

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 Effective July 1, 2023 to June 30, 2024 (Based on 200% of the Federal Poverty Level)			
Household Size	Maximum Gross Monthly Income Standards		Maximum Gross Annual Income Standards
1	\$	2,430	\$ 29,160
2		3,287	39,440
3		4,143	49,720
4		5,000	60,000
5		5,857	70,280
6		6,713	80,560
7		7,570	90,840
8		8,427	101,120
For Each Additional Person, Add		857	10,280

The Water Fund is funded entirely by contributions from WSSC Water 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 \$2.7 million to help more than 25,000 people throughout Montgomery and Prince George's counties. In FY 2023, the Water Fund provided water bill assistance to 2,014 people by disbursing more than \$329,000 in aid. Starting from FY 2025, WSSC Water will donate \$500,000 to assist even more customers.

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. In partnership with Promise, WSSC Water announced the launch of PromisePay program on September 6, 2023. This new financial assistance program allows residential and commercial customers with past-due bills to establish affordable, flexible and interest-free payment plans. All residential and commercial customers with a past-due balance of \$50 or more are eligible. The PromisePay program will be funded with \$3.3 million in the FY 2025 budget. Customers can sign up through Promise <https://wsscwater.promise-pay.com/> or call Promise at 301-900-5551. By establishing a payment plan for past-due water and sewer bills and staying current with the plan, customers will avoid late fees and possible water service turnoffs.

WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

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.



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.

WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

Bay Restoration Fund Exemption Program (Continued)

Income Eligibility Limits Effective July 1, 2023 to June 30, 2024 (Based on 200% of the Federal Poverty Level)			
Household Size	Maximum Gross Monthly Income Standards		Maximum Gross Annual Income Standards
1	\$	2,430	\$ 29,160
2		3,287	39,440
3		4,143	49,720
4		5,000	60,000
5		5,857	70,280
6		6,713	80,560
7		7,570	90,840
8		8,427	101,120
For Each Additional Person, Add		857	10,280

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 \$112,601 in calendar year 2022, which is the latest year for which data is available. Based on the FY 2025 proposed rates, WSSC Water's average annual residential bill for water and sewer services at 145 gallons per day is approximately \$1,078. The consumption level of 145 gallons per day is used because it represents the average household in WSSC Water's service area, a 3-person household using approximately 48.3 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 0.9% of the median household income in FY 2025, absent any changes in household income between 2022 and 2025. This level is well below the 4.5% standard set by the EPA.

Median Household Income	Average WSSC Water Bill*	Share of Median Income
\$ 112,601	\$ 1,078	1.0%

Median household income figures from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2018-2022.

*The average WSSC Water bill is based on a 3-person household using 48.3 gallons of water per person per day.

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 2018 to FY 2022 time period. The average WSSC Water bill for each size household is based on consumption of 48.3 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 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual
1-person Household	0.4%	0.5%	0.6%	0.6%	0.5%
2-person Household	0.4%	0.4%	0.5%	0.5%	0.5%
3-person Household	0.6%	0.6%	0.6%	0.6%	0.6%
4-person Household	0.7%	0.7%	0.8%	0.8%	0.7%
5-person Household	1.1%	1.1%	1.0%	1.0%	1.0%
6-person Household	1.4%	1.4%	1.3%	1.3%	1.3%
7-or-more Person Household*	1.7%	1.7%	1.5%	1.6%	1.5%

Median household income figures from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2014-2018, 2015-2019, 2016-2020, 2017-2021 and 2018-2022.

*The average WSSC Water bill for the 7-or-more person household size was calculated based on a 7-person household.

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 \$26,146 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	\$ 26,146	\$ 1,078	4.1%
Second	70,059	1,078	1.5%
Third	112,992	1,078	1.0%
Fourth	171,677	1,078	0.6%
Fifth	356,466	1,078	0.3%

Average household income figures from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2018-2022.

*The average WSSC Water bill is based on a 3-person household using 48.3 gallons of water per person per day.

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 \$23,952 per year. The first through third income brackets contain approximately 7.0% 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 9.0% 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	24,779	3.4%	\$ 1,078	N/A	10.8%
10,000	14,999	14,518	2.0%	1,078	10.8%	7.2%
15,000	19,999	11,983	1.6%	1,078	7.2%	5.4%
20,000	24,999	14,650	2.0%	1,078	5.4%	4.3%
25,000	29,999	15,233	2.1%	1,078	4.3%	3.6%
30,000	34,999	16,421	2.3%	1,078	3.6%	3.1%
35,000	39,999	16,308	2.2%	1,078	3.1%	2.7%
40,000	44,999	16,732	2.3%	1,078	2.7%	2.4%
45,000	49,999	16,926	2.3%	1,078	2.4%	2.2%
50,000	59,999	37,540	5.2%	1,078	2.2%	1.8%
60,000	74,999	54,657	7.5%	1,078	1.8%	1.4%
75,000	99,999	88,833	12.2%	1,078	1.4%	1.1%
100,000	124,999	79,507	10.9%	1,078	1.1%	0.9%
125,000	149,999	64,550	8.9%	1,078	0.9%	0.7%
150,000	199,999	92,922	12.8%	1,078	0.7%	0.5%
200,000	N/A	160,782	22.1%	1,078	0.5%	N/A
Total		726,341	100.0%			

Income bracket information from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2018-2022.

*The average WSSC Water bill is based on a 3-person household using 48.3 gallons of water per person per day.

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 \$29,160. For a three-person household, the income limits increase to \$49,720. The Water Fund provides assistance to single-person households with up to \$29,160 in annual income. For a three-person household, the income limit increases to \$49,720. 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 \$210.56 in assistance will be available in FY 2025 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 \$1,078 per year to \$867 per year. The income at which the 4.5% threshold is crossed for a three-person household would similarly decrease from about \$23,952 per year to \$19,272 per year. Consequently, the percentage of households for which the average three-person bill would exceed the EPA threshold would drop to about 6.9%, from the previous figure of less than 9.0%. 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 Lower Bound	Income Bracket Upper Bound	Number of Households	Share of Households	Average WSSC Water Bill (w/ CAP)*†	Share of Lower Bound	Share of Upper Bound
\$ -	\$ 9,999	24,779	3.4%	\$ 867	N/A	8.7%
10,000	14,999	14,518	2.0%	867	8.7%	5.8%
15,000	19,999	11,983	1.6%	867	5.8%	4.3%
20,000	24,999	14,650	2.0%	867	4.3%	3.5%
25,000	29,999	15,233	2.1%	867	3.5%	2.9%
30,000	34,999	16,421	2.3%	867	2.9%	2.5%
35,000	39,999	16,308	2.2%	867	2.5%	N/A

Income bracket information from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2018-2022.

*The average WSSC Water bill is based on a 3-person household using 48.3 gallons of water per person per day.

†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).

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 145 gallons per day to the equivalent bill from 14 other cities and communities, both locally and nationally. The consumption level of 145 gallons per day represents the average household in WSSC Water's service area, a 3-person household using 48.3 gallons of water per person per day. The chart includes WSSC Water bills at FY 2024 approved and FY 2025 proposed rates. As shown in the chart, the quarterly bills in the other communities range from a low of \$194 in Detroit, Michigan to a high of \$482 in Pittsburgh, Pennsylvania. WSSC Water ranks near the middle of the local and national utilities, with quarterly bills of \$244 in FY 2024 and \$269 in FY 2025. This shows that WSSC Water's rates and fees are competitive both locally and nationally.

Residential Quarterly Water/Sewer Bill Comparison to Local and National Utilities (145 Gallons per Day)



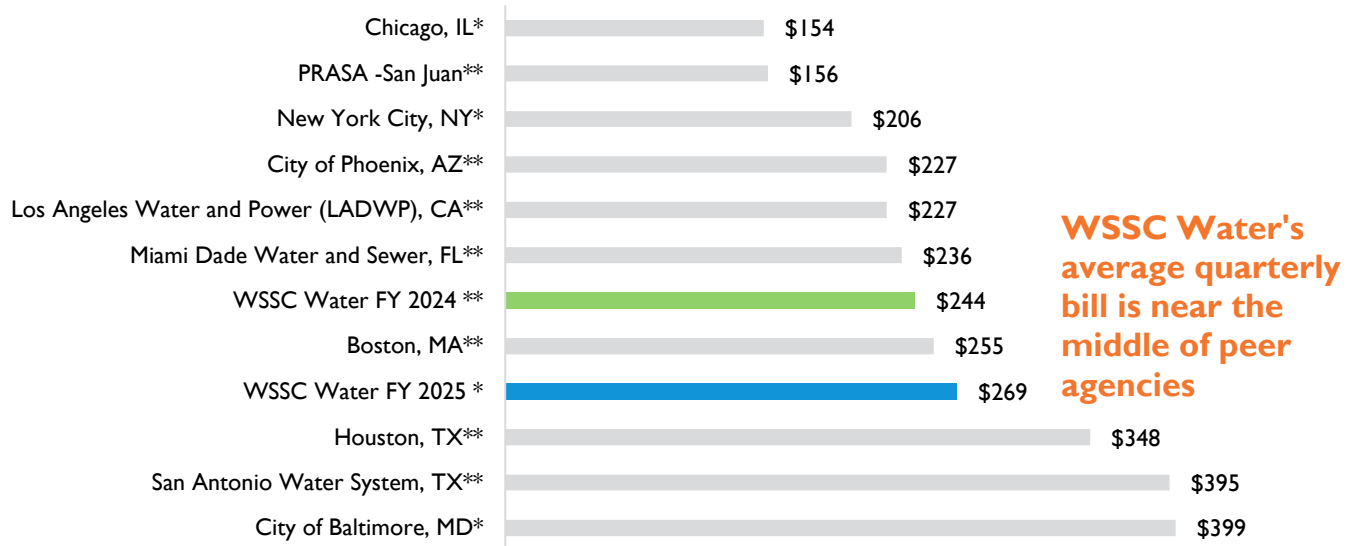
The rates and fees used in this comparison were in effect as of December 2023.

WATER AND SEWER BILL COMPARISONS (Continued)

Quarterly Bill Comparison (Continued)

A comparison of WSSC Water's average quarterly residential bill for water and sewer services at 145 gallons per day to the equivalent bill from 10 other peer utilities that are similar in scope and size of WSSC Water's operations is also presented. The rates and fees used in this comparison were either FY 2024 Approved or FY 2025 Proposed as noted based on data available. WSSC Water ranks near the middle of the peer utilities, with quarterly bills of \$244 in FY 2024 and \$269 in FY 2025. This shows that WSSC Water's rates and fees are competitive to its peers.

Residential Quarterly Water/Sewer Bill Comparison to Peer Utilities (145 Gallons per Day)



* FY 2025 Proposed ** FY 2024 Approved

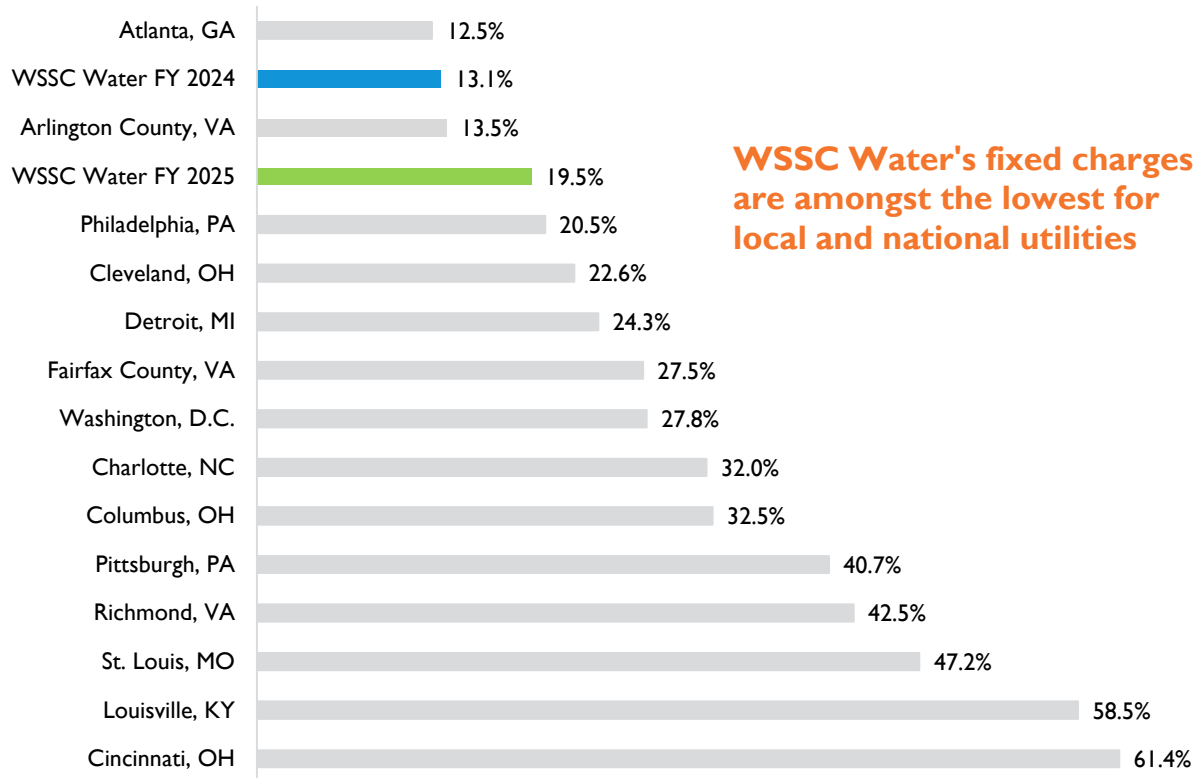
The rates and fees used in this comparison were in effect as of December 2023.

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 14 other cities and communities reviewed. Of the utilities that do charge fixed fees, WSSC Water's fixed charges are among the lowest as a percentage of the average bill, with 13.1% in FY 2024 and 19.5% in FY 2025. 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 Comparison to Local and National Utilities (145 Gallons per Day)

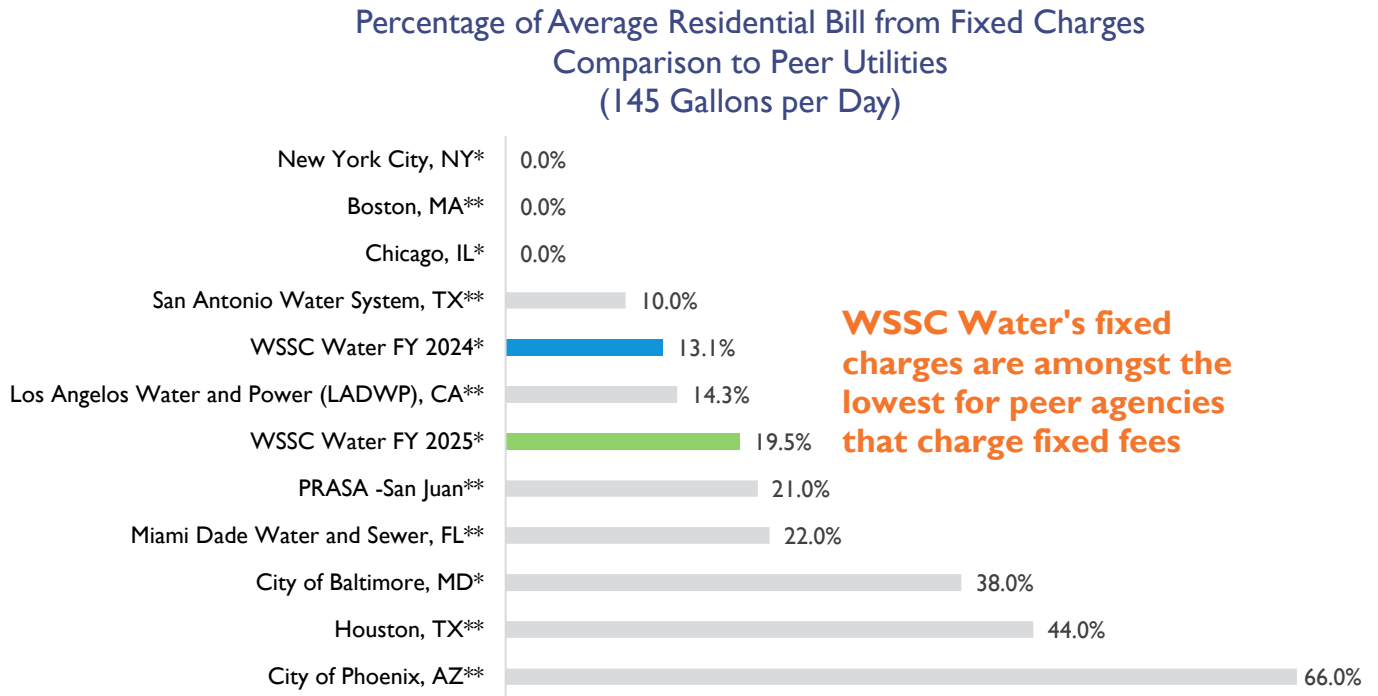


The rates and fees used in this comparison were in effect as of December 2023.

WATER AND SEWER BILL COMPARISONS (Continued)

Percentage of Bill from Fixed Charges Comparison (Continued)

The chart below compares fixed charges as a portion of the average residential bill for WSSC Water and the 10 peer utilities. Three of the peer utilities (New York City, New York; Boston, Massachusetts and Chicago, Illinois) do not have any fixed fees as part of their water and sewer bills. Of the utilities that do charge fixed fees, WSSC Water's fixed charges are the second lowest as a percentage of the average bill.

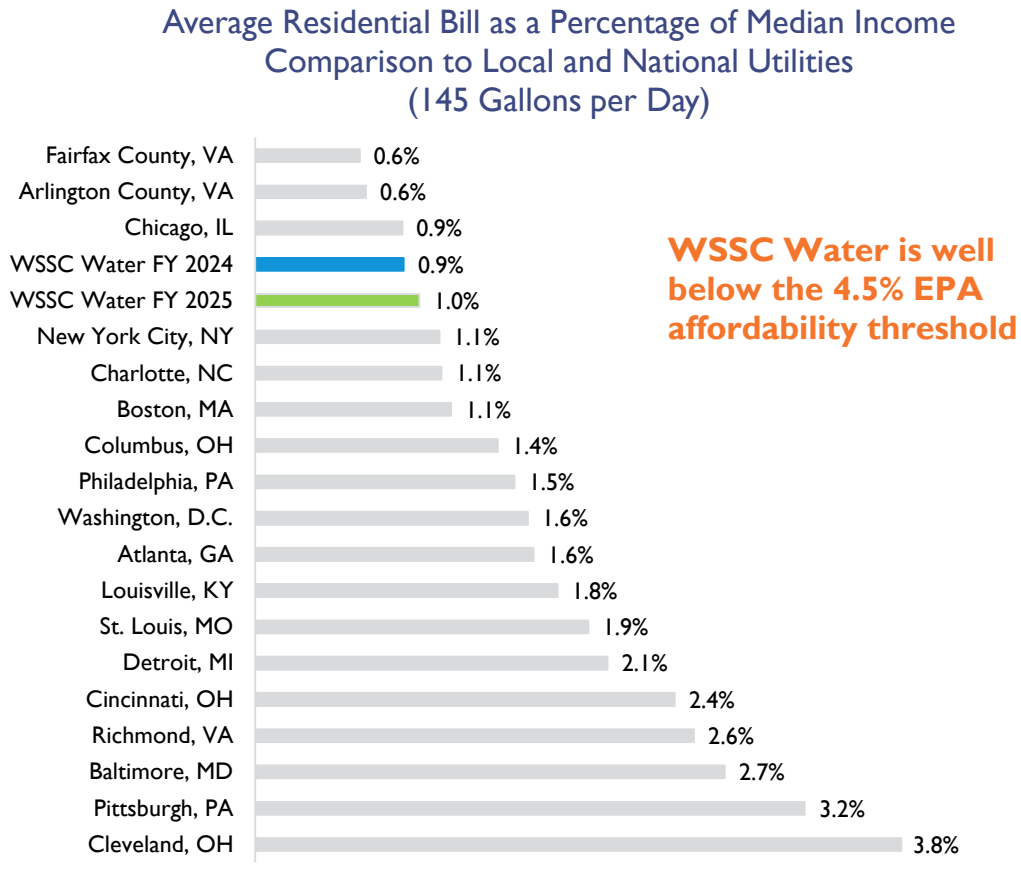


* FY 2025 Proposed ** FY 2024 Approved
The rates and fees used in this comparison were in effect as of December 2023.

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 145 gallons of water per day. The average annual bill from WSSC Water in FY 2025 is only 1.0% of the median household income of its customers, a slight increase from the 0.9% in FY 2024. This places WSSC Water among the most affordable of the local and national utilities, with only two utilities (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.

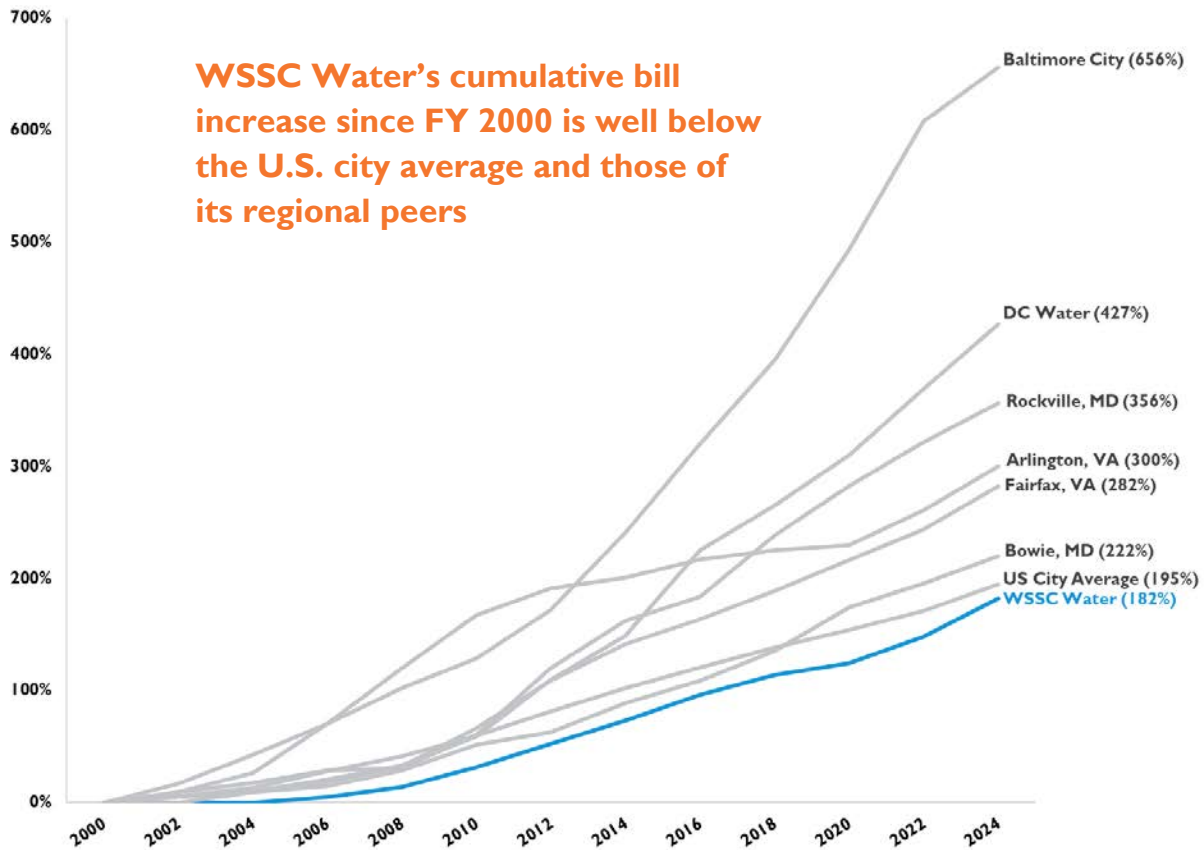


The rates and fees used in this comparison were in effect as of December 2023.
Median household income figures (in 2022 dollars) from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2018-2022.

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 2000-2024. As with the previous comparisons, the consumption level used is 145 gallons per day to represent the average 3-person household using 48.3 gallons of water per person per day. The chart shows that the cumulative increase in the average WSSC Water bill was about 182% over the last 24 years, which is lower than the increases for all of the peer utilities and the U.S. city average over the same time period. The increases for the comparable regional providers range from a low of 222% for Bowie, Maryland to a high of 656% for Baltimore City, Maryland. The U.S. city average increased by 195% over the 24-year analysis period.



Assumes a 5/8" residential meter for purposes of determining the appropriate fees.

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). Values for July of each fiscal year (i.e., July 2023 = FY 2024).

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 2022. The data shows that in 2022 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 \$128 per month. For cell phone service, the 2022 data for the South Census Region, which includes the State of Maryland, has a monthly cost of about \$107. The average monthly cost of water and sewer services from WSSC Water, based on a three-person household using FY 2022 rates and fees, was only about \$71 in comparison. This means that the monthly cost of water and sewer was only around 56% of the cost of electricity and 66% of the cost of cell phone service in 2022.

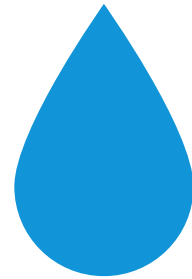
In 2022, the average household spent per month...



\$128
on electricity from
BGE and PEPCO



\$107
on cell phone
service



\$71
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), 2022 Electricity Reports.
Cellular phone service expenditures from the U.S. Bureau of Labor Statistics (www.bls.gov), Consumer Expenditure Survey, October 2023.
The average WSSC Water bill is based on a three-person household with consumption of 48.3 gallons of water per person per day.

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 2025 Spending Affordability Guidelines (SAG) rate increase recommended by the two County Councils is 8.5% for both water and sewer rates. The agency prepared the proposed budget based on the 8.5% revenue enhancements which meet 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 2025 SAG process.

- Fund Balance – It was assumed for the purpose of preparing the FY 2025 Proposed Budget that, at the end of FY 2024, accumulated net revenues for the water and sewer operating funds would total \$319.1 million. For FY 2025, the total water and sewer operating revenues are \$1.006 billion; therefore, at least \$201.3 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 \$319.1 million exceeds the reserve target and is 31.7% of the total operating revenues.
- Revenues – The estimated FY 2025 revenues from water consumption and sewer use charges are \$363.7 million and \$445.4 million, respectively. Water production is assumed to be 162.0 million gallons per day (MGD) in FY 2025 and water consumption is projected to slightly decrease from 124.7 MGD in FY 2024 to 124.6 MGD in FY 2025.
- 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 2025 Capital Budget is \$791.3 million.
- Debt Service – The debt service estimates for FY 2025 assume that \$215.4 million in Water Supply bonds and \$174.9 million in Sewage Disposal bonds will be issued in FY 2025, 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.

SPENDING AFFORDABILITY AND LONG-RANGE FINANCIAL PLAN (Continued)

- Reconstruction Debt Service Offset (REDO) –There will be no transfer in FY 2025 as the fund balance has been spent down as planned.
- Workforce and Compensation – In accordance with WSSC Water’s key priority of building a strong workforce, 127 additional authorized workyears are included, as follow:
 - 28 overhire positions to be authorized
 - 41 contract positions converted to permanent
 - 58 new positions to support operations

A marker is included for salary enhancements in the FY 2025 budget.

MAJOR ASSUMPTIONS, WORKLOAD INDICES AND DEMAND PROJECTIONS (Continued)

The following table presents data used during the SAG process to develop the FY 2025 Proposed Budget.

Workload Data	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected	
						FY 2024	FY 2025
Water and Sewer Combined Rate Increase (%)	4.5	5.0	6.0	5.9	6.5	7.0	8.5
Population to be Served (000s)*	1,801	1,910	1,915	1,939	1,966	1,976	1,986
Customer Accounts (000s): **	461	464	467	469	472	477	480
Residential (%)	95.5	95.4	95.4	94.4	94.4	94.4	94.7
Commercial and Industrial (%)	3.7	3.8	3.7	4.7	4.7	4.7	4.7
Government and Other (%)	0.8	0.8	0.9	0.9	0.9	0.9	0.6
Water Program:							
Water Production (Average MGD)	161.7	162.6	162.8	161.2	157.7	162.0	162.0
Water Consumption (Average MGD)	123.2	128.6	126.4	127.2	126.0	124.7	124.6
Water Mains Maintained (Miles)	5,816	5,844	5,869	5,884	5,900	6,000	6,000
Water House Connections Maintained (000s)	469	471	473	475	478	481	484
Sewer Program:							
Sewage Treated (Average MGD)	218.7	188.3	204.1	184.3	177.8	194.4	203.1
Sewer Use (Average MGD)	113.3	116.0	114.6	114.6	113.1	112.3	111.7
Sewer Mains Maintained (Miles)	5,604	5,624	5,615	5,624	5,632	5,700	5,700
Sewer House Connections Maintained (000s)	441	443	445	446	449	451	457
House Connections added:							
Water	3,480	2,410	2,553	2,622	2,895	3,000	3,000
Sewer	3,152	1,868	1,869	1,869	2,256	2,400	2,400
New Water & Sewer Bond & Notes Debt Issues (\$ in millions)	390	234	350	327	362	380	390
Average Annual Interest Rate for New Bond Issuance (%)	3.6	2.6	2.0	2.3	4.0	4.5	4.5
Total Workyears							
Total Workyears	1,678.1	1,683.9	1,678.5	1,641.4	1,632.1	1,836.0	1,963.0

* 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 2022 is \$253,600,000 and the net pension liability is 2.3% 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 2022 is \$79,858,000 and net OPEB liability is 31.0% of the total OPEB liability. The actuarial assumptions for OPEB are: 2.5% inflation factor, a salary increase, and 7% 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 2024 Approved	FY 2025 Proposed	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
New Water and Sewer Debt Issues	\$ 379,960	\$ 390,262	\$ 424,741	\$ 338,696	\$ 364,323	\$ 368,903	\$ 364,597
Water and Sewer Combined Rate Increase (Average)	7.0 %	8.5 %	9.0 %	7.0 %	5.5 %	4.2 %	4.2 %
Operating Revenues							
Consumption Charges	\$ 790,142	\$ 809,105	\$ 881,933	\$ 943,487	\$ 995,210	\$ 1,036,899	\$ 1,080,683
Account Maintenance Fees (AMF)	36,259	59,964	65,361	69,923	73,757	76,846	80,091
Infrastructure Investment Fees (IIF)	44,180	74,839	81,575	87,269	92,053	95,909	99,958
Rockville Sewer Use	3,100	3,300	3,300	3,300	3,300	3,300	3,300
Plumbing and Inspection Fees	20,380	21,356	21,998	22,657	23,336	24,037	24,759
Grants Revenue	1,761	2,500	2,500	2,500	2,500	2,500	2,500
Miscellaneous	26,961	27,251	27,540	27,833	28,127	28,426	28,730
Cost Sharing Reimbursement	743	7,013	12,860	12,860	7,158	7,004	7,004
Interest Income	8,000	8,860	8,000	8,000	8,000	8,000	8,000
Uncollectible	(7,901)	(7,901)	(8,819)	(9,435)	(9,952)	(10,369)	(10,807)
Total Operating Revenues	\$ 923,625	\$ 1,006,287	\$ 1,096,248	\$ 1,168,394	\$ 1,223,489	\$ 1,272,552	\$ 1,324,218
Other Credits and Transfers							
SDC Debt Service Offset	5,772	5,772	5,772	5,748	5,748	5,748	5,748
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Miscellaneous Offset	1,200	-	-	-	-	-	-
Total Funds Available	\$ 932,597	\$ 1,014,059	\$ 1,104,020	\$ 1,176,142	\$ 1,231,237	\$ 1,280,300	\$ 1,331,966
Operating Expenses							
Salaries & Wages	141,179	158,146	167,695	175,241	183,127	191,367	199,980
Heat, Light & Power	27,373	27,278	26,470	27,267	28,085	28,928	31,381
Regional Sewage Disposal	64,201	76,908	78,446	80,015	81,615	83,248	84,913
All Other	319,132	339,158	335,014	344,878	355,099	365,568	376,463
Total Operating Expenses	\$ 551,885	\$ 601,490	\$ 607,625	\$ 627,401	\$ 647,926	\$ 669,111	\$ 692,737
Debt Service							
Bonds and Notes Principal and Interest	328,467	361,968	379,871	394,235	413,359	430,851	447,426
Other Transfers and Adjustments							
PAYGO	44,000	50,601	116,524	154,506	169,952	180,338	191,803
Total Expenses	\$ 924,352	\$ 1,014,059	\$ 1,104,020	\$ 1,176,142	\$ 1,231,237	\$ 1,280,300	\$ 1,331,966
Net Revenue (Loss)	\$ 8,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance - July 1	\$ 314,748	\$ 319,101	\$ 319,101	\$ 319,101	\$ 319,101	\$ 319,101	\$ 319,101
Net Increase (Decrease) in Fund Balance	8,245	-	-	-	-	-	-
Use of Fund Balance/Other Adjustments	(3,892)	-	-	-	-	-	-
Ending Fund Balance - June 30	\$ 319,101	\$ 319,101	\$ 319,101	\$ 319,101	\$ 319,101	\$ 319,101	\$ 319,101
Debt Service as a % of Total Expenses (< 40% Target)	35.5 %	35.7 %	34.4 %	33.5 %	33.6 %	33.7 %	33.6 %
Debt Service Coverage "Stress Case" (>=1.5 Target)	1.3	1.3	1.4	1.5	1.5	1.5	1.5
Leverage Ratio "Stress Case" (<10.0)	9.6	8.8	7.9	7.5	7.3	7.2	7.1
Days-Cash-on-Hand "Stress Case" (250 Days Target)	250	261	290	309	324	337	346
End Fund Balance as a % of Operating Revenue (min. 20%)	29.8 %	31.7 %	29.1 %	27.3 %	26.1 %	25.1 %	24.1 %
Total Workyears (All Funds)	1,836	1,963	1,963	1,963	1,963	1,963	1,963

- The FYs 2026-2030 projections reflect WSSC Water's multi-year forecast and assumptions. The projected expenditures, revenues and fund balances for these years may be influenced by changes to rates, fees, usage, inflation, future labor agreements and other factors not assumed in the FY 2025 Proposed Budget. Data excludes General Bond Debt Service
- Leverage ratio is calculated as net adjusted debt (total debt outstanding minus cash and cash equivalents) 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 the amount of net operating and non-operating revenue available after operating expenses have been paid divided by the annual interest and principal payments on debt service. The FY 2025 target is >=1.5
- Days Cash-on-Hand is Unrestricted Cash and Investments divided by Total Operating Expenses (excluding Depreciation, PAYGO and Debt Service payable) per day
- The FY 2024 adjustments reflect the FY 2024 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 2025 Proposed 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 Proposed budget and sets the levels for charges, fees and taxes to finance Proposed expenditures. The Proposed budget takes effect on July 1. Once the budget is adopted, total expenditures may not exceed the final total Proposed budget without an Proposed budget supplement. Budget supplements must be Proposed 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 Proposed 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.

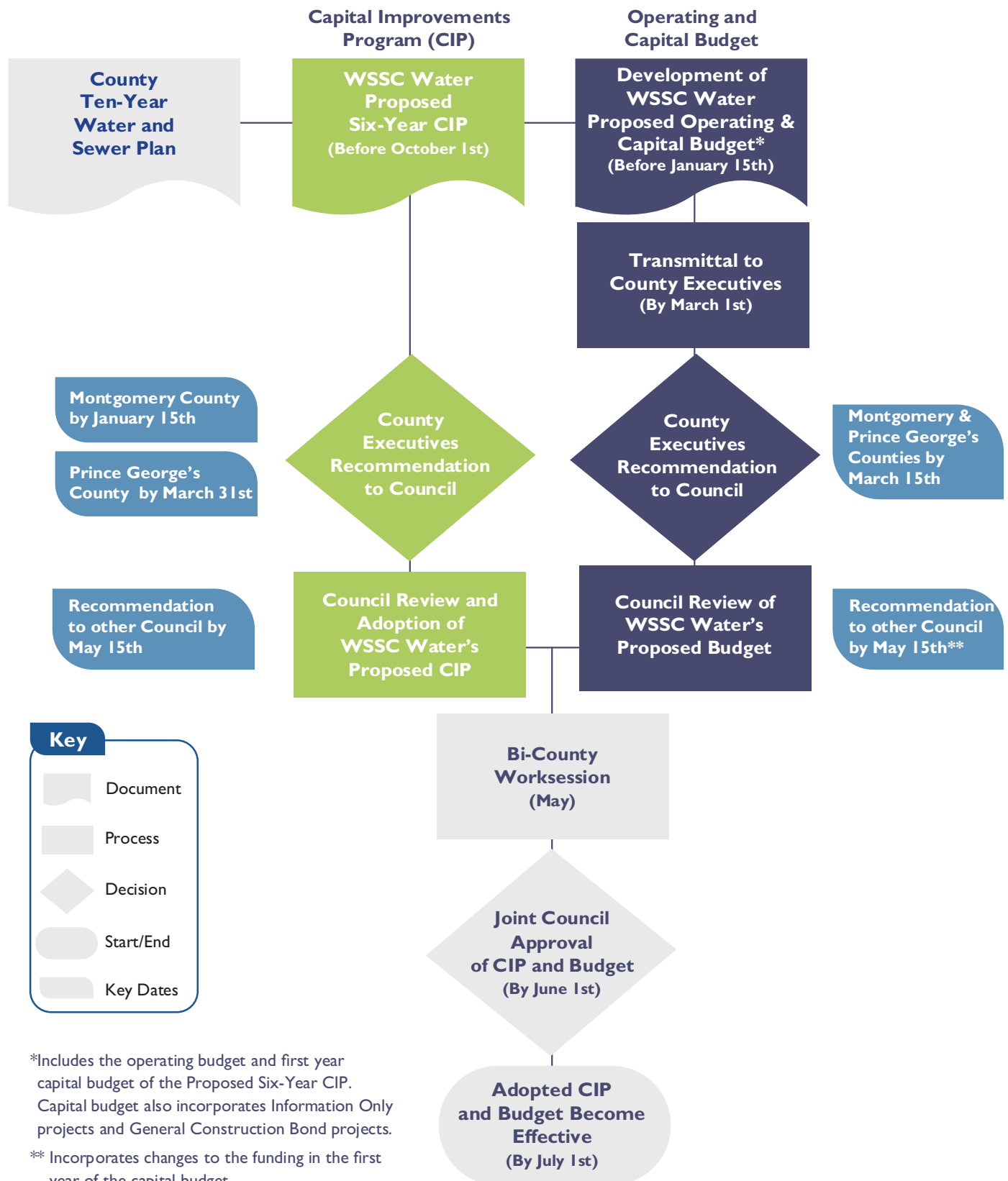
Operating Budget

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/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

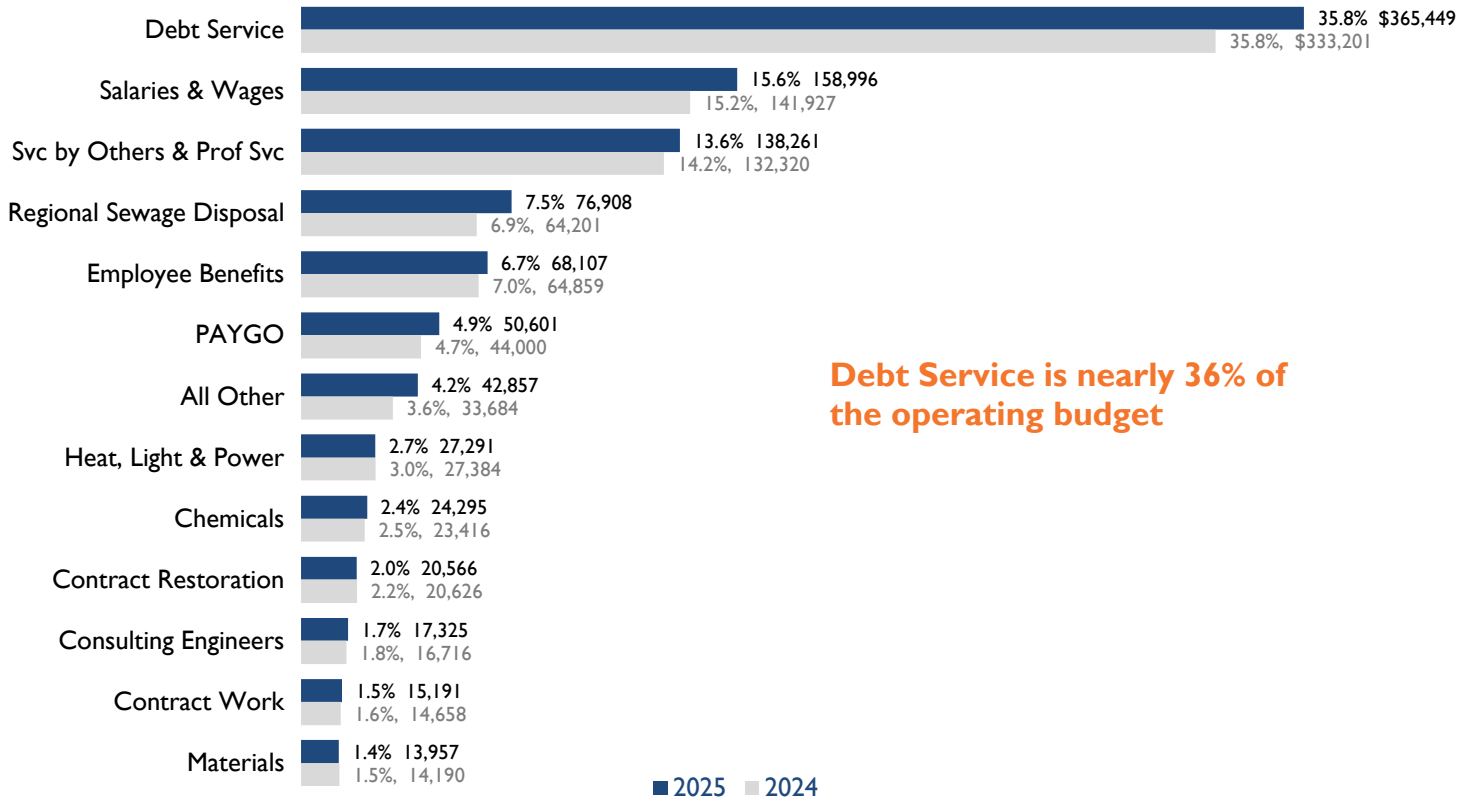
WSSC Water issues General Construction Bonds (Capital Fund) to pay for the construction of minor water and sewer lines (water distribution lines less than 16" in diameter and sewer lines less than 15" in diameter) and support facilities. General Bond Debt Service Fund revenues - customer payments for 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 2025 PROPOSED BUDGET – BY MAJOR EXPENSE CATEGORIES

(\$ in thousands)

FY 2025 Total Operating Budget = \$1,019,803

FY 2024 Total Operating Budget = \$931,182



Debt Service is nearly 36% of the operating budget

Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2025 Total Capital Budget = \$791,267

FY 2024 Total Capital Budget = \$683,069



Contract Work is nearly 64% of the capital budget

(*) Includes Land, Professional Services, Water Meters, and Other Miscellaneous Accounts

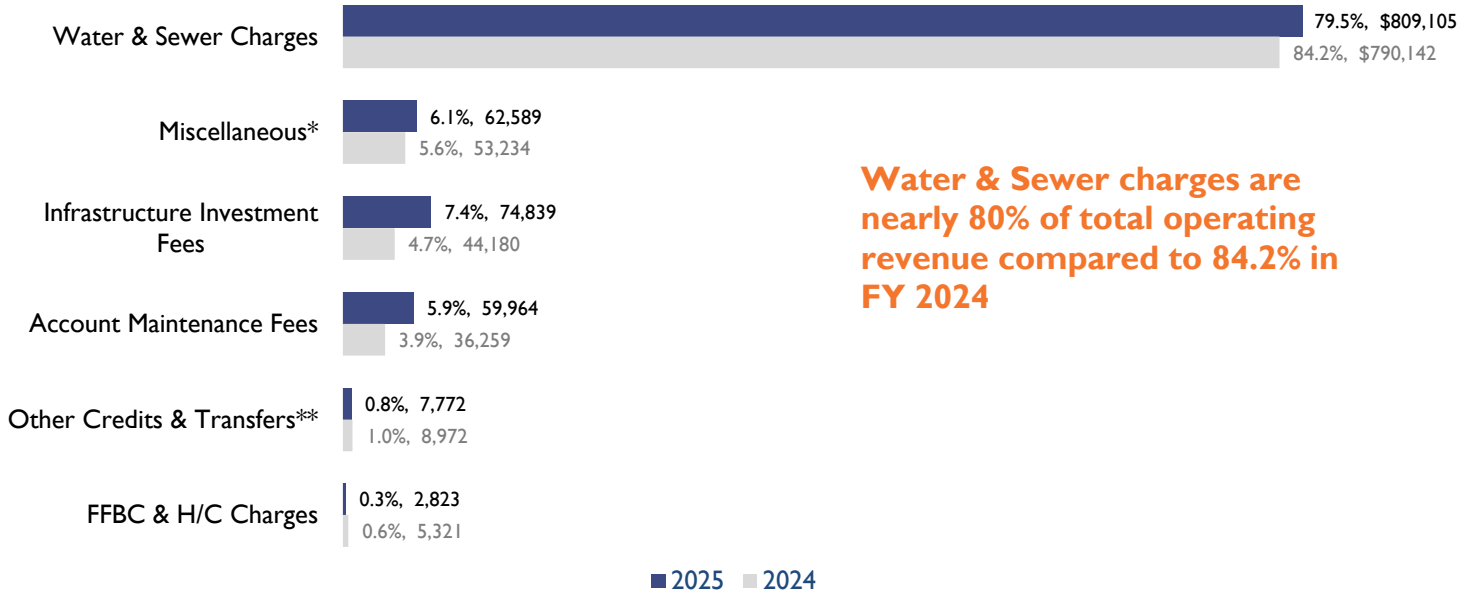
Includes Water Supply, Sewage Disposal and General Construction Bond

FY 2025 PROPOSED BUDGET – BY SOURCES

(\$ in thousands)

FY 2025 Total Operating Revenue = \$1,017,092

FY 2024 Total Operating Revenue = 938,108



(*) Plumbing and inspection fees, Rockville sewer use, interest income, other miscellaneous fees, uncollectible revenue, cost sharing reimbursement and grants revenue

(**) Includes SDC Debt Service Offset, Underwriters Discount

Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2025 Total Capital Funding Sources = \$791,267

FY 2024 Total Capital Funding Sources = \$683,069



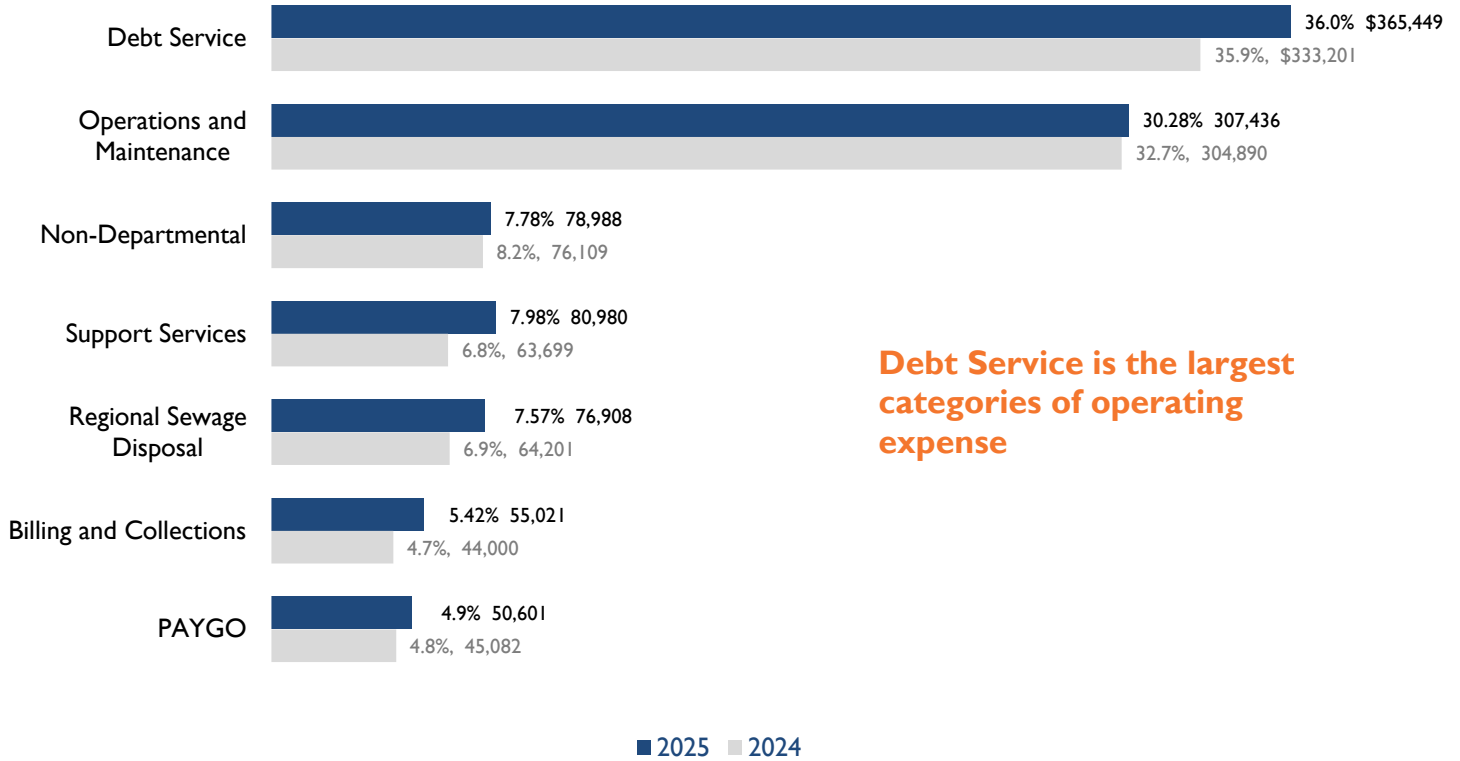
(*) Includes funding from Maryland's Bay Restoration Fund.

FY 2025 PROPOSED BUDGET – BY FUND USES

(\$ in thousands)

FY 2025 Total Operating Uses = \$1,019,803

FY 2024 Total Operating Uses = \$931,182

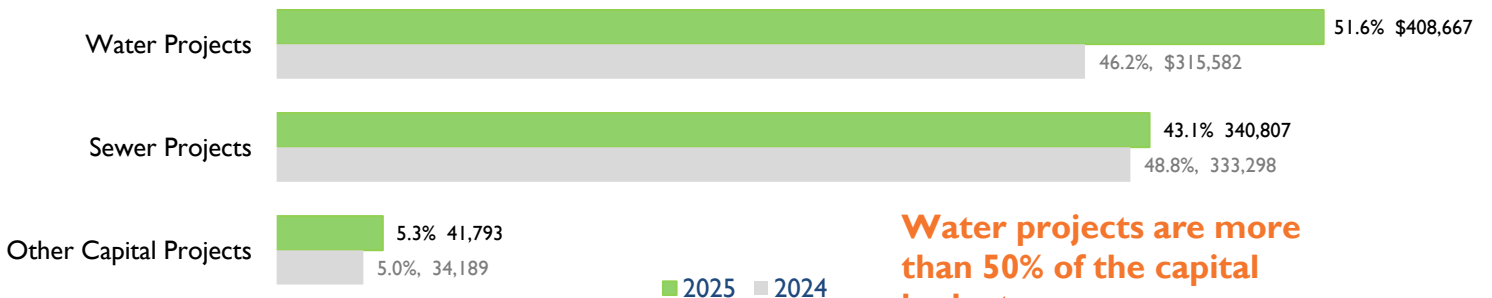


Debt Service is the largest categories of operating expense

Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2025 Total Capital Uses = \$791,267

FY 2024 Total Capital Uses = \$683,069



Water projects are more than 50% of the capital budget

Includes Water Supply, Sewage Disposal and General Construction Bond

OPERATING REVENUE & EXPENSE BY MAJOR SOURCE CATEGORY & FUND TYPE

(\$ in thousands)	Water Operating		Sewer Operating		General Bond Debt Service		Total		% Chg
	FY 2024 Approved	FY 2025 Proposed	FY 2024 Approved	FY 2025 Proposed	FY 2024 Approved	FY 2025 Proposed	FY 2024 Approved	FY 2025 Proposed	
Operating Revenues									
Water Consumption Charges	\$ 355,139	\$ 363,662	\$ -	\$ -	\$ -	\$ -	\$ 355,139	\$ 363,662	2.4 %
Sewer Use Charges	-	-	435,003	445,443	-	-	435,003	445,443	2.4 %
FFBC & H/C Charges	-	-	-	-	5,321	2,823	5,321	2,823	(46.9)%
Account Maintenance Fees	18,388	33,122	17,871	26,842	-	-	36,259	59,964	65.4 %
Infrastructure Investment Fees	22,405	41,059	21,775	33,780	-	-	44,180	74,839	69.4 %
Plumbing & Inspection Fees	11,600	12,406	8,780	8,950	-	-	20,380	21,356	4.8 %
Rockville Sewer Use	-	-	3,100	3,300	-	-	3,100	3,300	6.5 %
Grants Revenue	-	-	1,761	2,500	-	-	1,761	2,500	42.0 %
Miscellaneous	13,219	14,282	13,742	12,969	190	210	27,151	27,461	1.1 %
Interest Income	2,713	3,285	5,287	5,575	-	-	8,000	8,860	10.8 %
Uncollectible	(4,030)	(3,551)	(3,871)	(4,350)	-	-	(7,901)	(7,901)	0.0 %
Cost Sharing Reimbursement	743	1,740	-	5,273	-	-	743	7,013	843.9 %
Total Operating Revenues	\$ 420,177	\$ 466,005	\$ 503,448	\$ 540,282	\$ 5,511	\$ 3,033	\$ 929,136	\$ 1,009,320	8.6 %
Other Credits and Transfers									
SDC Debt Service Offset	2,731	2,731	3,041	3,041	-	-	5,772	5,772	0.0 %
Underwriters Discount Transfer	888	907	1,112	1,093	-	-	2,000	2,000	0.0 %
Miscellaneous Offset	1,200	-	-	-	-	-	1,200	-	(100.0)%
Total Funds Available	\$ 424,996	\$ 469,643	\$ 507,601	\$ 544,416	\$ 5,511	\$ 3,033	\$ 938,108	\$ 1,017,092	8.4 %
Operating Expenses									
Salaries & Wages	76,565	86,130	64,614	72,016	748	850	141,927	158,996	12.0 %
Heat, Light & Power	15,453	14,946	11,920	12,332	11	13	27,384	27,291	(0.3)%
Regional Sewage Disposal	-	-	64,201	76,908	-	-	64,201	76,908	19.8 %
All Other	167,444	182,381	151,688	156,777	1,337	1,400	320,469	340,558	6.3 %
Total Operating Expenses	\$ 259,462	\$ 283,457	\$ 292,423	\$ 318,033	\$ 2,096	\$ 2,263	\$ 553,981	\$ 603,753	9.0 %
Debt Service									
Principal Payments	77,110	89,423	105,017	121,888	3,172	1,953	185,299	213,264	15.1 %
Interest Payments	68,793	74,802	77,547	75,855	1,562	1,528	147,902	152,185	2.9 %
Total Debt Service	\$ 145,903	\$ 164,225	\$ 182,564	\$ 197,743	\$ 4,734	\$ 3,481	\$ 333,201	\$ 365,449	9.7 %
Other Transfers									
PAYGO	15,928	21,961	28,072	28,640	-	-	44,000	50,601	15.0 %
Total Expenses	\$ 421,293	\$ 469,643	\$ 503,059	\$ 544,416	\$ 6,830	\$ 5,744	\$ 931,182	\$ 1,019,803	9.5 %
Net Revenue (Loss)	\$ 3,703	\$ -	\$ 4,542	\$ -	\$ (1,319)	\$ (2,711)	\$ 6,926	\$ (2,711)	(139.1)%
Fund Balance - July 1									
	\$ 116,687	\$ 118,405	\$ 198,061	\$ 200,696	\$ 1,701	\$ 382			
Net Increase (Decrease) in Fund Balance	3,703	-	4,542	-	(1,319)	(2,711)			
Adjustments	(1,985)	-	(1,907)	-	-	-			
Fund Balance - June 30	\$ 118,405	\$ 118,405	\$ 200,696	\$ 200,696	\$ 382	\$ (2,329)			

CAPITAL FUNDING & EXPENSE BY MAJOR SOURCE CATEGORY & FUND TYPE

(\$ in thousands)	Water Supply Bond		Sewer Disposal Bond		General Construction Bond		Total		% Chg	
	FY 2024 Approved	FY 2025 Proposed	FY 2024 Approved	FY 2025 Proposed	FY 2024 Approved	FY 2025 Proposed	FY 2024 Approved	FY 2025 Proposed		
Funds Provided										
Bonds & Notes Issues/Cash on Hand	\$ 264,466	\$ 333,628	\$ 256,699	\$ 262,351	\$ 34,189	\$ 41,793	\$ 555,354	\$ 637,772	14.8	%
PAYGO	15,928	21,961	28,072	28,640	-	-	44,000	50,601	15.0	%
Anticipated Contributions:										
Federal & State Grants	4,542	6,769	20,600	23,951	-	-	25,142	30,720	22.2	%
SDC	26,622	40,646	10,323	9,280	-	-	36,945	49,926	35.1	%
Other Contributions	4,024	5,663	17,604	16,585	-	-	21,628	22,248	2.9	%
Total Funds Provided	\$ 315,582	\$ 408,667	\$ 333,298	\$ 340,807	\$ 34,189	\$ 41,793	\$ 683,069	\$ 791,267	15.8	%
Construction Costs										
Salaries & Wages	\$ 15,555	\$ 16,997	\$ 9,448	\$ 11,350	\$ 3,190	\$ 3,773	\$ 28,193	\$ 32,120	13.9	%
Contract Work	179,706	298,324	197,666	206,763	6,837	7,150	384,209	512,237	33.3	%
Consulting Engineers	43,581	43,808	36,101	35,332	4,434	4,565	84,116	83,705	(0.5)	%
All Other	76,740	49,538	90,083	87,362	19,728	26,305	186,551	163,205	(12.5)	%
Total Construction Costs	\$ 315,582	\$ 408,667	\$ 333,298	\$ 340,807	\$ 34,189	\$ 41,793	\$ 683,069	\$ 791,267	15.8	%

PROJECTED CHANGE IN FUND BALANCE

Fund (\$ in thousands)	Fund Balance - July 1	Operating Revenues	Operating Expenses	Other Credits and Transfers	Adjust.	Fund Balance - June 30	Fund Balance		
							Increase/ (Decrease)	% Chg	
Water Operating									
FY 2024	\$ 116,687	\$ 420,177	\$ (421,293)	\$ 4,819	\$ (1,985)	\$ 118,405	\$ 1,718	1.5	%
FY 2025	118,405	466,005	(469,643)	3,638	-	118,405	-	-	%
Sewer Operating									
FY 2024	198,061	503,448	(503,059)	4,153	(1,907)	200,696	2,635	1.3	%
FY 2025	200,696	540,282	(544,416)	4,134	-	200,696	-	-	%
General Bond Debt Service									
FY 2024	1,701	5,511	(6,830)	-	-	382	(1,319)	(77.5)	%
FY 2025	382	3,033	(5,744)	-	-	(2,329)	(2,711)	(709.7)	%

Operating expenses include debt service.

Explanation of Significant Changes to Fund Balance

Water and Sewer Operating Funds

The FY 2025 Proposed Budget ending fund balance remains the same as the projected FY 2024 ending balance for the Water Operating Fund and the Sewer Operating Fund.

General Bond Debt Service Fund

The FY 2025 Approved Budget ending fund balance is 709.7% lower than the projected FY 2024 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.

EXPENSE TRENDS BY FUND

Operating Budget

Water & Sewer Operating Funds - Combined

(\$ in thousands)	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Expenses					
Salaries & Wages	\$ 130,884	\$ 125,788	\$ 127,044	\$ 141,179	\$ 158,146
Heat, Light & Power	18,234	21,014	22,390	27,373	27,278
Regional Sewage Disposal	58,658	60,751	71,025	64,201	76,908
All Other	247,004	247,686	271,026	319,132	339,158
Subtotal	\$ 454,780	\$ 455,239	\$ 491,485	\$ 551,885	\$ 601,490
Debt Service					
Principal Payments	151,398	155,358	162,080	182,127	211,311
Interest Payments	130,446	124,899	138,013	146,340	150,657
Subtotal	\$ 281,844	\$ 280,257	\$ 300,093	\$ 328,467	\$ 361,968
Other Transfers					
PAYGO	-	27,585	31,016	44,000	50,601
Total Expenses	\$ 736,624	\$ 763,081	\$ 822,594	\$ 924,352	\$ 1,014,059

General Bond Debt Service Fund

(\$ in thousands)	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Expenses					
Salaries & Wages	\$ 915	\$ 894	\$ 874	\$ 748	\$ 850
Heat, Light & Power	7	-	-	11	13
All Other	948	869	826	1,337	1,400
Subtotal	\$ 1,870	\$ 1,763	\$ 1,700	\$ 2,096	\$ 2,263
Debt Service					
Principal Payments	7,985	4,721	3,304	3,172	1,953
Interest Payments	2,151	4,236	4,161	1,562	1,528
Subtotal	\$ 10,136	\$ 8,957	\$ 7,465	\$ 4,734	\$ 3,481
Total Expenses	\$ 12,006	\$ 10,720	\$ 9,165	\$ 6,830	\$ 5,744

Capital Budget

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

(\$ in thousands)	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Expenses					
Salaries & Wages	\$ 25,911	\$ 27,647	\$ 27,997	\$ 28,193	\$ 32,120
Heat, Light & Power	-	-	-	247	302
Contract Work	217,590	251,913	268,792	384,209	512,237
Consulting Engineers	42,349	42,322	43,531	84,116	83,705
All Other	141,043	75,925	96,072	186,304	162,903
Total Expenses	\$ 426,893	\$ 397,807	\$ 436,392	\$ 683,069	\$ 791,267

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.

For FY 2025, WSSC Water adopted a transparent outcome-based approach to budgeting, ensuring alignment with key priorities and required services for customers. Risks are mitigated through strategic allocation of resources across operating and capital expenditures. Work programs and funding are aligned to achieve desired outcomes and optimal service delivery levels. The budget incorporates strategies to meet required financial metrics while balancing affordability and investment in agency resources.

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 2025 Proposed Budget assumes \$50.6 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 in conjunction with the departments and offices in the agency.

FISCAL CONTROL (Continued)

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.

If the two County Councils make decisions that require changes, WSSC Water must update the six-year CIP, capital and/or operating budgets prior to the adoption by the Commissioners.

For FY 2025 WSSC Water initially requested an 11.6% rate increase to: keep pace with rising costs and service, address deferred improvements that were a result of the pandemic revenue downturn, keep wages competitive to retain and recruit talent, to serve and improve financial metrics to protect the AAA rating. However, both County Councils recommended a spending affordability revenue enhancement increase limit of 8.5%. The recommendation of a lower than needed rate increase is a recurring trend that results in continued budget reductions that could significantly impact services. The impact is a revenue strain that is compounded each year.

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 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.

EXPENDITURES AND ALLOCATION OF COSTS (Continued)

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 proposed 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. See Section 3 for details of various programs. <https://www.wsscwater.com/assistance>.

Additional factors and events that shaped the budget environment included:

- Flat or declining water consumption revenues
- 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
- Investing in our workforce

The FY 2025 Proposed Budget calls for a combined 8.5% overall increase in water and sewer volumetric and ready-to-serve charges. To develop a budget based on the 8.5% revenue enhancements, \$26.4 million in cuts were required to get from an 11.6% average rate increase to the recommended 8.5%. 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.

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

These short-term fiscal guidelines and actions have been critical in shaping WSSC Water's FY 2025 Proposed 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.

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 less than 40.0% of WSSC Water's total water and sewer expenditures. This measure excludes expenditures in the General Bond Debt Service fund.
- 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 and non-operating revenue available after operating expenses have been paid to meet the annual interest and principal payments on debt service. WSSC Water's FY 2025 target DSCR is greater than 1.5.
- Leverage Ratio – This ratio helps assess WSSC Water's ability to pay its debt obligations. The ratio is calculated as net adjusted debt (total 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 daily 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 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 are 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 develop and maintain a fair and competitive pay structure and use various strategies to recruit and sustain committed employees who support its operations and service delivery and productivity improvements.

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 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.

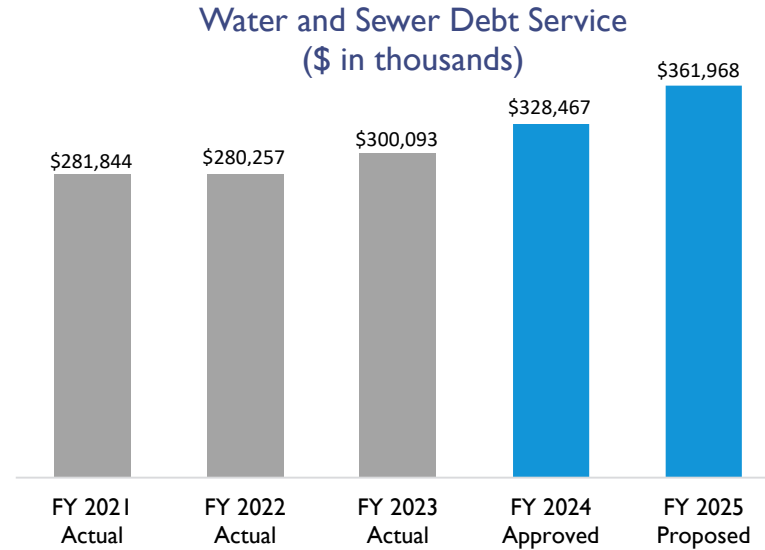
Infrastructure Investment Fee

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

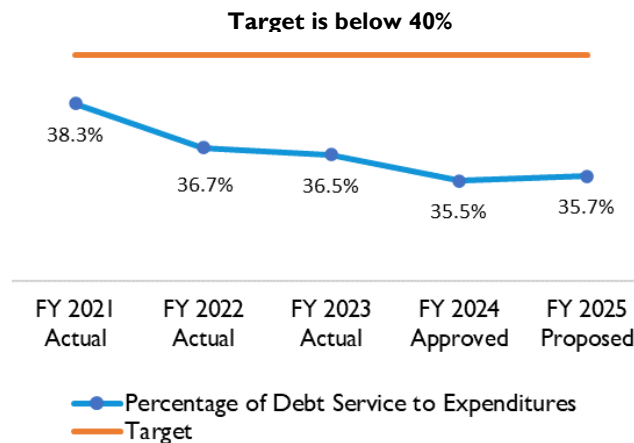
The largest expenditure in the FY 2025 proposed water and sewer operating budget is debt service. Debt service increased by \$33.5 million from \$328.5 million in FY 2024 to \$362.0 million in FY 2025. The increase is primarily due to ongoing water and sewer storage and water distribution rehabilitation programs aimed at addressing WSSC Water's aging infrastructure that continue to be a major contributing factor to debt service. Rehabilitation programs make up about 43% of the FY 2025 Proposed CIP and highlights can be found in the FYs 2025-2030 Proposed 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 2025, the proposed debt service percentage is 35.7% of water and sewer operating costs.

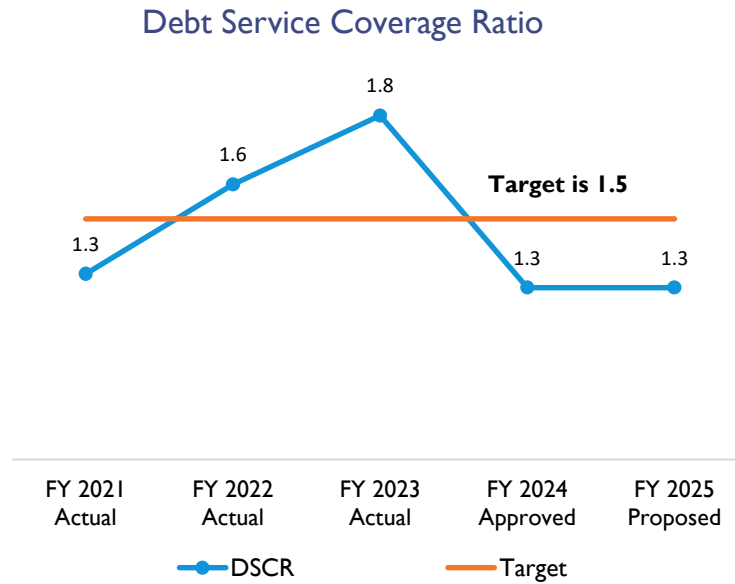
Debt Service as a Percentage of Expenditures



WATER AND SEWER DEBT SERVICE GUIDELINES (Continued)

Debt Service Coverage Ratio

The Debt Service Coverage Ratio (DSCR) is an important benchmark used in the measurement of the cash flow available to pay current debt obligations. WSSC Water's target DSCR is greater than or equal to 1.5. The projected ratio for FY 2025 is 1.3.



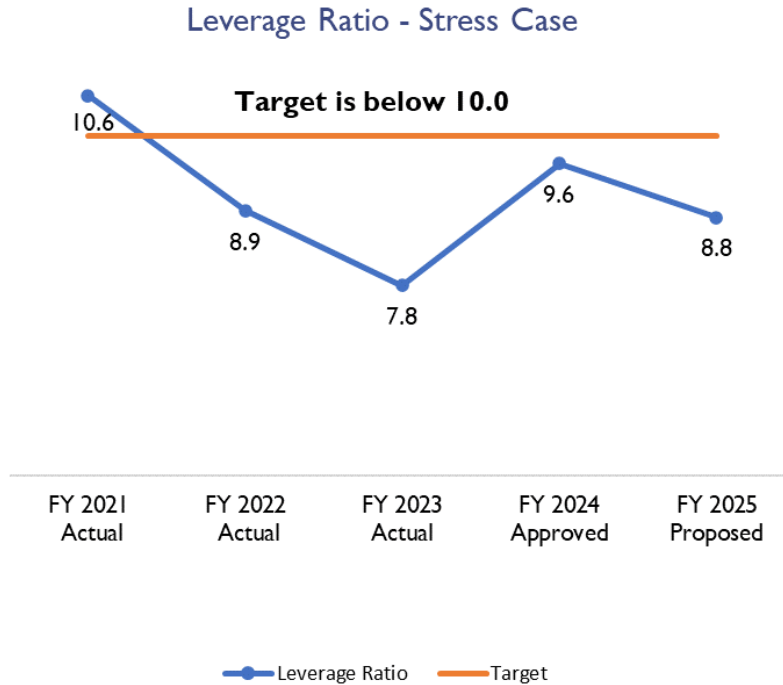
Below is the formula for calculating DSCR where Net Operating Revenue equals Operating Revenue minus Operating Expenses, excluding Debt Service and PAYGO.

$$\text{DSCR} = \frac{\text{Net Operating Revenue}}{\text{Total Debt Service}}$$

WATER AND SEWER DEBT SERVICE GUIDELINES (Continued)

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 2025 is 8.8, which is below the target.



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) 2025 Proposed Budget incorporate policy recommendations. WSSC Water currently recovers necessary revenues through both fixed and volumetric charges.

ECONOMIC OUTLOOK

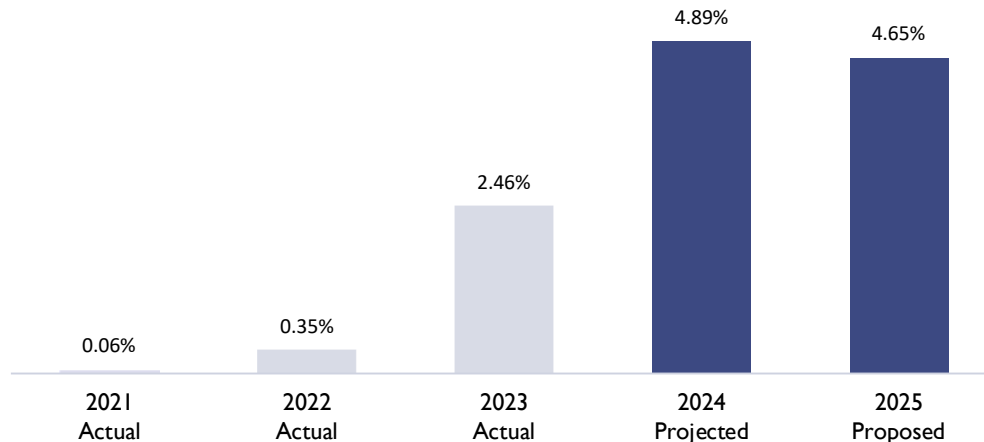
Policy Assumptions

Revenue and resource estimates presented are the result of the recommended policies of WSSC Water's FY 2025 Proposed 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.

Interest Rates

After maintaining near-zero interest rates for most of the past decade, the Federal Reserve Board (Fed), through its Federal Open Market Committee (FOMC), increased rates eleven times throughout 2022 and 2023 to combat inflation. These efforts may have finally taken hold as the Fed has paused in recent meetings, with the market predicting rate cuts throughout 2024. As short-term Treasury rates have now reached 5.5%, operating investment income is assumed to be \$8.9 million in FY 2025, a slight increase from FY 2024 Approved Budget levels. The return on WSSC Water's short-term investments highly correlate to the federal funds rate with a slight lag period.

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.

ECONOMIC OUTLOOK (Continued)

Population Served and Customer Accounts

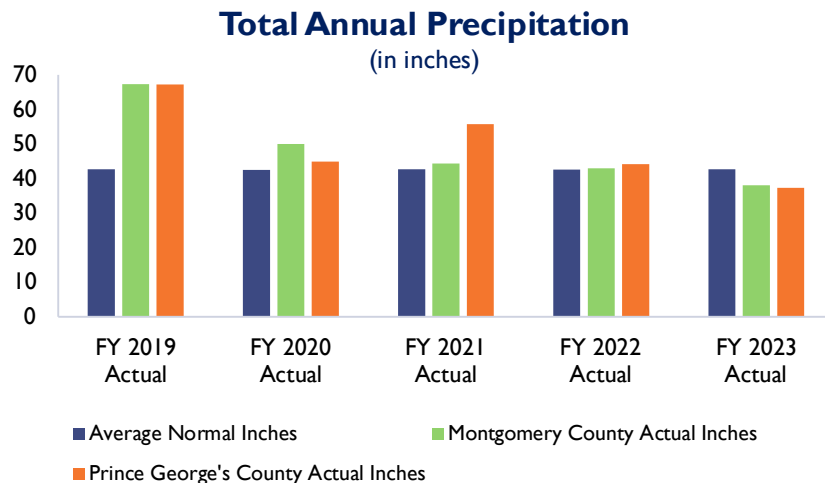
Based on the 2020 decennial census conducted by the U.S. Census Bureau, the agency's population served is nearly 2.0 million. The FY 2025 projected population growth is based on applying the Census of Government's projected population growth to the decennial population figure.

As of June FY 2025, WSSC Water is estimated to have 480,000 customer accounts. Most accounts are residential at 94.7% followed by commercial and industrial at 4.7%, and government and other at 0.6%.

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.

According to the Maryland Department of the Environment, normal annual precipitation for Montgomery County and Prince George's Counties averages 42.5". For the twelve month period through June 2023, Montgomery County received 38.0", a 11.4% decrease from the prior year, and Prince George's County received 37.3", a 15.6% decrease over FY 2022. Water production declined from 161.2 million gallons per day (MGD) in FY 2022 to 157.7 MGD in FY 2023.



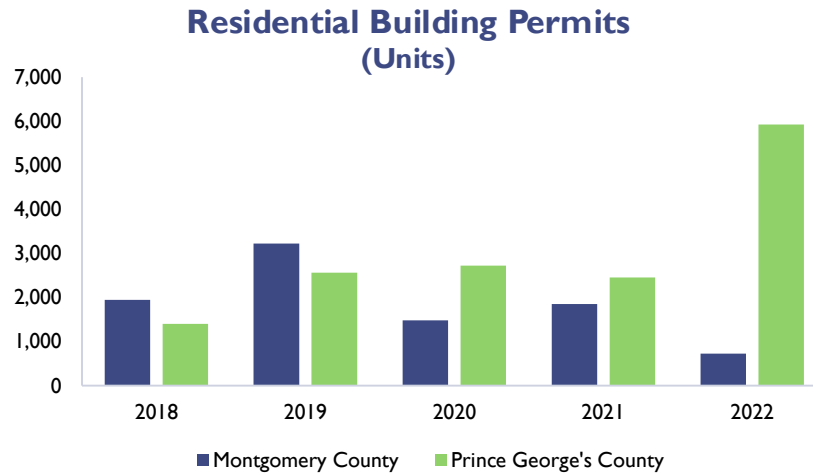
Economic Indicators

Revenue projections depend on the current 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.

ECONOMIC OUTLOOK (Continued)

Real Estate and Construction Projects

According to the U.S. Census Bureau, the construction of new residential units in Montgomery County increased 25.0% in 2021 and then decreased 61.0% in 2022. The County had a 3.4% increase in median owner-occupied housing value in 2022. Prince George's County residential construction decreased 9.6% in 2021 and then increased 141.1% in 2022. Prince George's County saw increased median owner-occupied housing values of 5.7% 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.

Population

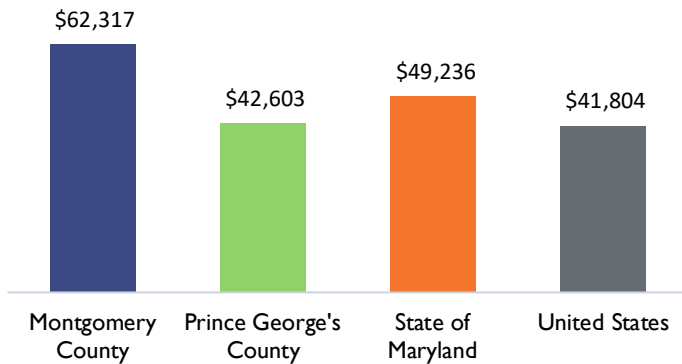
As of the fall of 2022, Montgomery County's population increased 0.8% over the prior period according to the Maryland Department of Commerce. During the same period Prince George's County's population grew 0.7% as compared to the overall State of Maryland growth rate of 0.6%.

Per Capita Income and Median Household Income Statistics

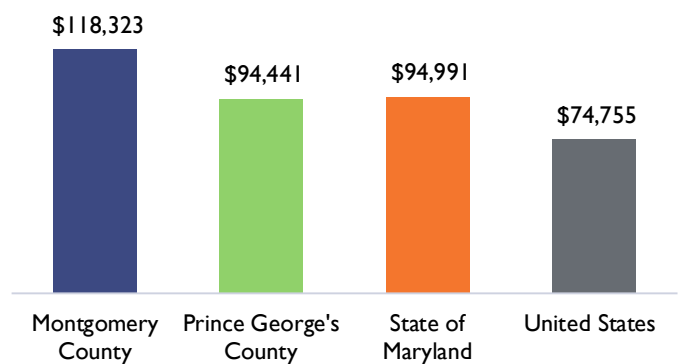
According to the U.S. Census Bureau, the higher the per capita income and median household income indicators, the more money people have available to spend. Prince George's County's 2022 per capita income grew 10.7%, slower than the 13.6% state increase. Prince George's County median household income increased 8.6%. Montgomery County per capita income grew 12.0% for the same period. Montgomery County median household income increased 5.8%, which is 3.3% lower than the state's growth of 9.1% in 2022.

ECONOMIC OUTLOOK (Continued)

Per Capita Income 2022 Estimate



Median Household Income 2022 Estimate



Employment

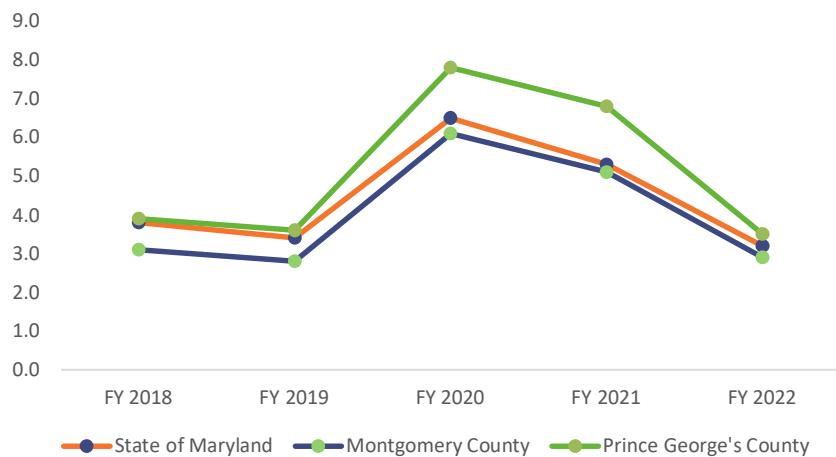
Montgomery County's unemployment rate decreased to 2.9% in 2022 from 5.1% in 2021.

Prince George's County 2022 unemployment rate of 3.5% decreased from 7.8% in 2021.

The State of Maryland's 2022 unemployment rate was 3.2% versus 5.3% in 2021. According to the U.S. Bureau of Labor Statistics, Maryland had the largest over-the-year unemployment rate decrease (-1.5% percentage points) in 2023.

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

Unemployment Rate



RATEPAYER, READY-TO-SERVE AND MISCELLANEOUS REVENUES

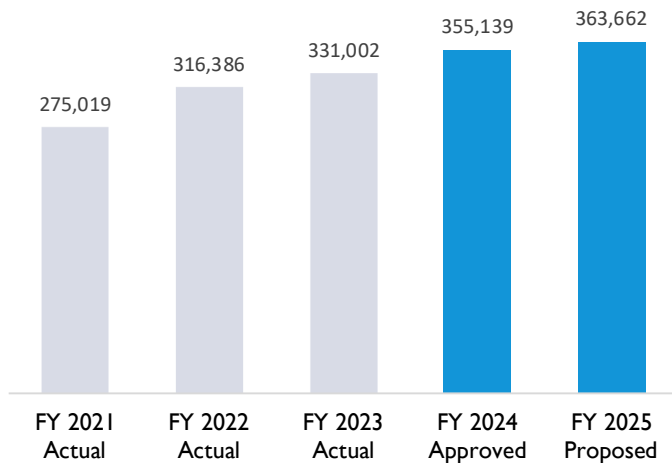
Revenues from the Water and Sewer Operating Funds are estimated at \$1.0 billion in FY 2025. This is a \$82.7 million increase, or 8.9%, from the FY 2024 Approved Budget, primarily attributed to an 8.5% revenue increase in volumetric and ready-to-serve charges. Additional information on rates can be found in Section 2.

Water and Sewer Consumption Revenues

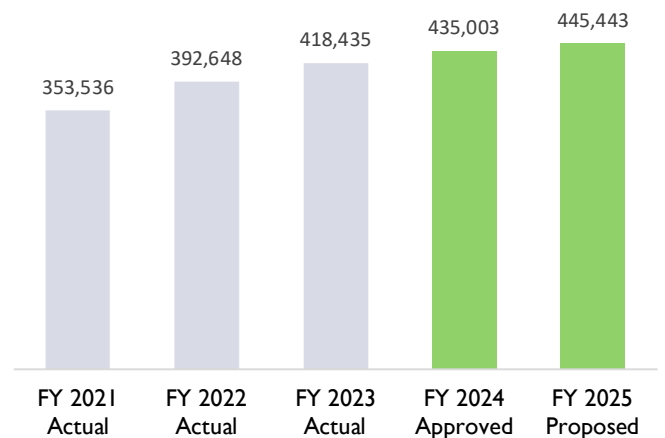
The purpose of the water consumption and sewer use charges is to cover the costs of maintenance and operations of facilities and infrastructure, as well as debt service on bonds. State law requires these charges be sufficient to meet all expense requirements. This includes WSSC Waters share of the regional sewage disposal charges incurred by the District of Columbia Water and Sewer Authority (DC Water).

FY 2025 water production is assumed to be 162.0 MGD and sewer treatment is projected to be 203.1 MGD.

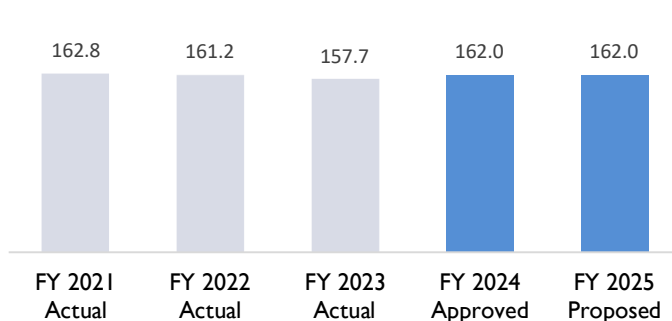
Water Consumption Revenue
(\$ in thousands)



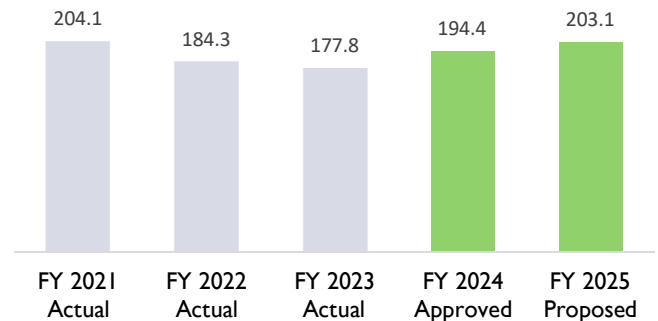
Sewer Use Revenue
(\$ in thousands)



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 proposed range of FY 2025 rates is \$6.69 to \$10.20 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 proposed range of FY 2025 rates is \$8.88 to \$16.35 per 1,000 gallons of metered water. The proposed rate for customers using sewage disposal only is a flat rate of \$152.00 per quarter.

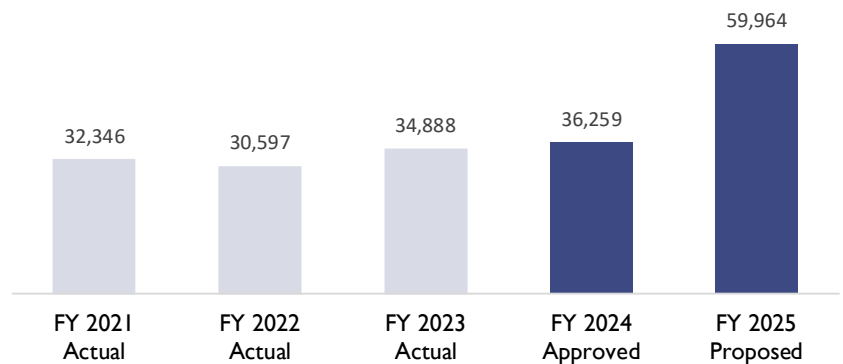
The estimated FY 2025 revenues from water consumption and sewer use charges are \$363.7 million and \$445.4 million, respectively. This revenue is offset by \$7.9 million in anticipated uncollectible charges.

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.

WSSC Water maintained the fee at the FY 2017 level until FY 2022. For FY 2025, there will be a 65% increase in the fee to better align with the cost of service. The FY 2025 Proposed Budget is \$60.0 million.

Account Maintenance Fee
(\$ in thousands)



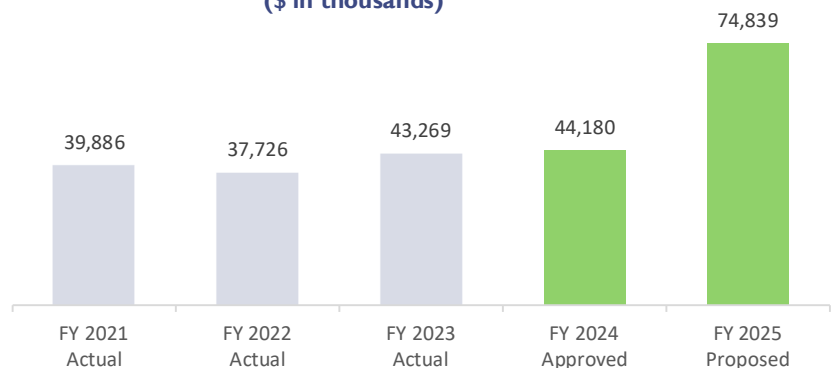
Infrastructure Investment Fee

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 maintained the fee at the FY 2017 level until FY 2022. For FY 2025, there will be a 65% increase in the fee to better align with the cost of service.

The FY 2025 Proposed Budget is \$74.8 million.

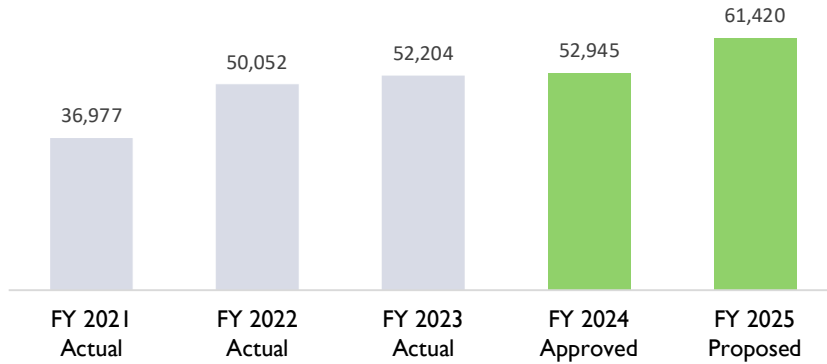
Infrastructure Investment Fee
(\$ in thousands)



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

Miscellaneous Revenues

Miscellaneous Revenues
(\$ in thousands)



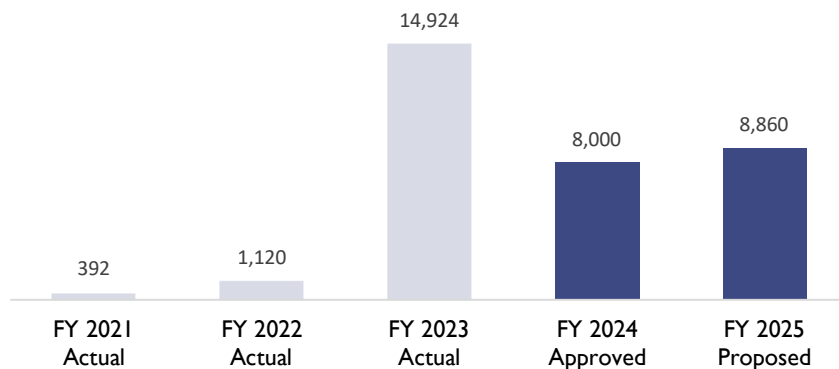
The FY 2025 Proposed Budget Miscellaneous Revenues is \$61.4 million, an increase of 16.0% from the FY 2024 Approved Budget.

Miscellaneous Revenues are derived from: plumbing and inspection fees \$21.4 million; Rockville sewer use \$3.3 million; miscellaneous of \$27.2 million which includes 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; grants revenue \$2.5 million; and cost sharing reimbursement of \$7.0 million which includes the Little Seneca Forebay sediment removal reimbursements, Charles County annual reimbursement for Clinton Zone transmission main and the sale of natural gas and renewable natural gas.

Interest Income

Interest Income
(\$ in thousands)



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 0.06% in interest income on its short-term portfolio for FY 2021 with an increase to 0.35% in FY 2022, and to 3.15% in FY 2023 reflecting the Fed's rate hikes. Estimated returns for FY 2024 and FY 2025 are at 4.89% and 4.65% per annum, respectively. This assumption is based on the likelihood of an eventual Fed easing throughout

FY 2025. As result, interest income is assumed to be approximately \$8.9 million in FY 2025 as short-term interest rates remain in the 4.5% to 5.0% range 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
<u>Subdivision</u>		
First 150 Feet	\$4.00	\$6.00
Next 150 Feet	3.00	4.50
Over 300 Feet	2.00	3.00
<u>Business</u>		
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 2025 Proposed Budget projects the FFBC and H/C revenue to be \$2.8 million, a \$2.5 million decrease from the FY 2024 Approved Budget of \$5.3 million.

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 2025 Proposed Budget and the FY 2024 Approved Budget assume 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 2025 Proposed 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 2025 Proposed Budget assumes no REDO funds will be used.

REVENUE TRENDS

Water & Sewer Operating Funds - Combined

(\$ in thousands)	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Operating Revenues					
Water Consumption Charges	\$ 275,019	\$ 316,386	\$ 331,002	\$ 355,139	\$ 363,662
Sewer Use Charges	353,536	392,648	418,435	435,003	445,443
Account Maintenance Fees	32,346	30,597	34,888	36,259	59,964
Infrastructure Investment Fees	39,886	37,726	43,269	44,180	74,839
Plumbing & Inspection Fees	16,882	19,491	20,513	20,380	21,356
Rockville Sewer Use	3,147	3,289	3,879	3,100	3,300
Grants Revenue	870	2,220	2,743	1,761	2,500
Miscellaneous	16,078	25,052	25,069	26,961	27,251
Interest Income	392	1,120	14,924	8,000	8,860
Uncollectible	-	-	-	(7,901)	(7,901)
Cost Sharing Reimbursement	-	-	-	743	7,013
Total Operating Revenues	\$ 738,156	\$ 828,529	\$ 894,722	\$ 923,625	\$ 1,006,287
Other Credits and Transfers					
Use of Fund Balance	8,000	-	-	-	-
REDO	9,500	6,000	-	-	-
SDC Debt Service Offset	5,772	5,772	5,772	5,772	5,772
Premium Transfer	7,151	-	2,503	-	-
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000
Miscellaneous Offset	-	-	-	1,200	-
Total Funds Available	\$ 770,579	\$ 842,301	\$ 904,997	\$ 932,597	\$ 1,014,059

General Bond Debt Service Fund

(\$ in thousands)	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Operating Revenues					
FFBC & H/C Charges	\$ 10,664	\$ 8,674	\$ 6,998	\$ 5,321	\$ 2,823
Interest Income	20	51	256	-	-
Miscellaneous	189	219	203	190	210
Total Operating Revenues	\$ 10,873	\$ 8,944	\$ 7,457	\$ 5,511	\$ 3,033
Other Credits and Transfers					
REDO	9,500	6,000	-	-	-
Use of Fund Balance	(9,500)	(6,000)	-	-	-
Total Funds Available	\$ 10,873	\$ 8,944	\$ 7,457	\$ 5,511	\$ 3,033

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

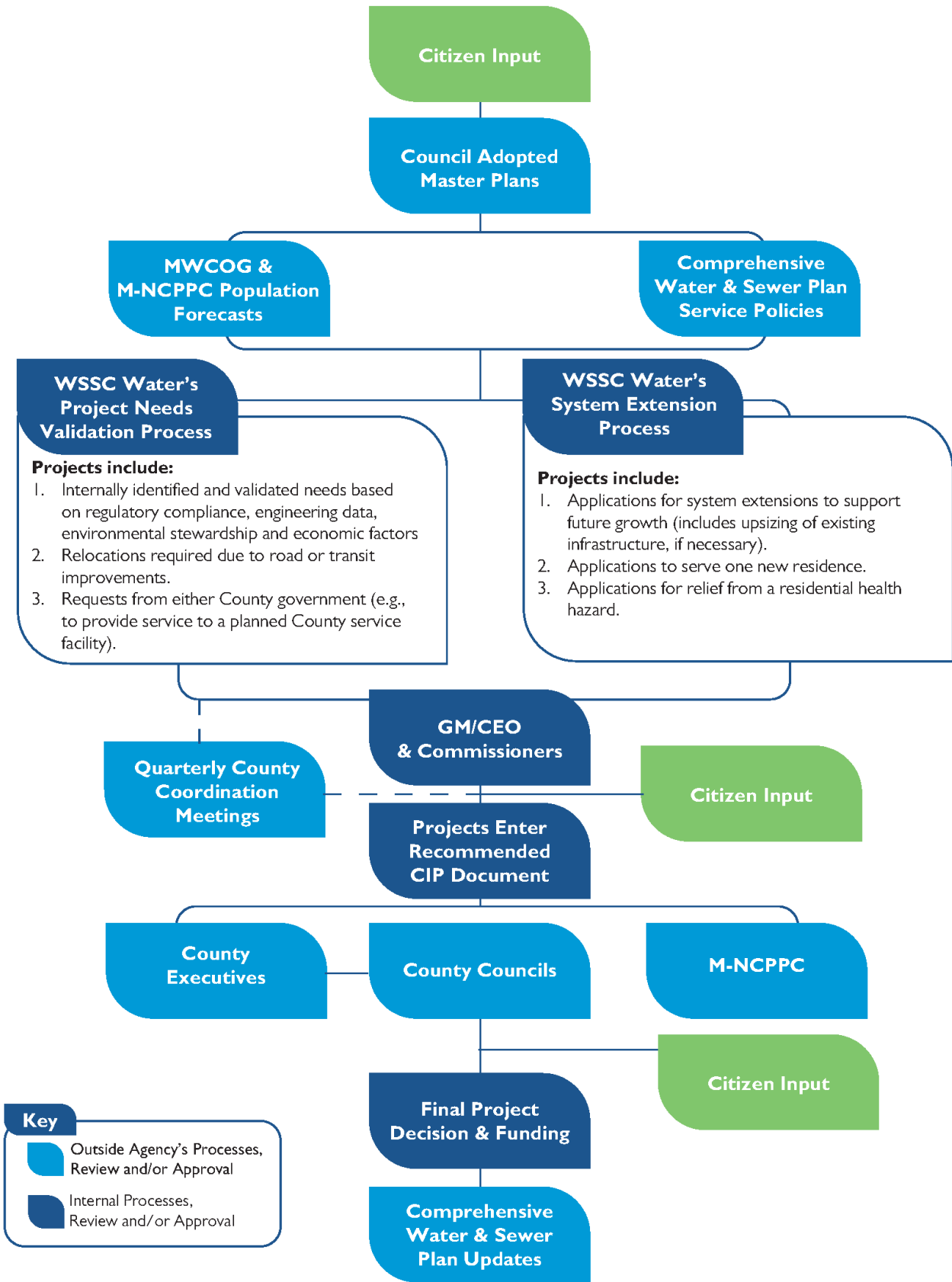
Projects are selected for inclusion in the capital budget based on our Capital Improvements Program (CIP) project development and approval process. The primary objectives of this process are to establish a sound basis for decision-making, to efficiently conduct and document specific work tasks and to 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 on the following page 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 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 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: 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 include miscellaneous capital projects and expenditures for common operational activities such as relocations, new house connections, water meters, facility plans, PFAS pilot, 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

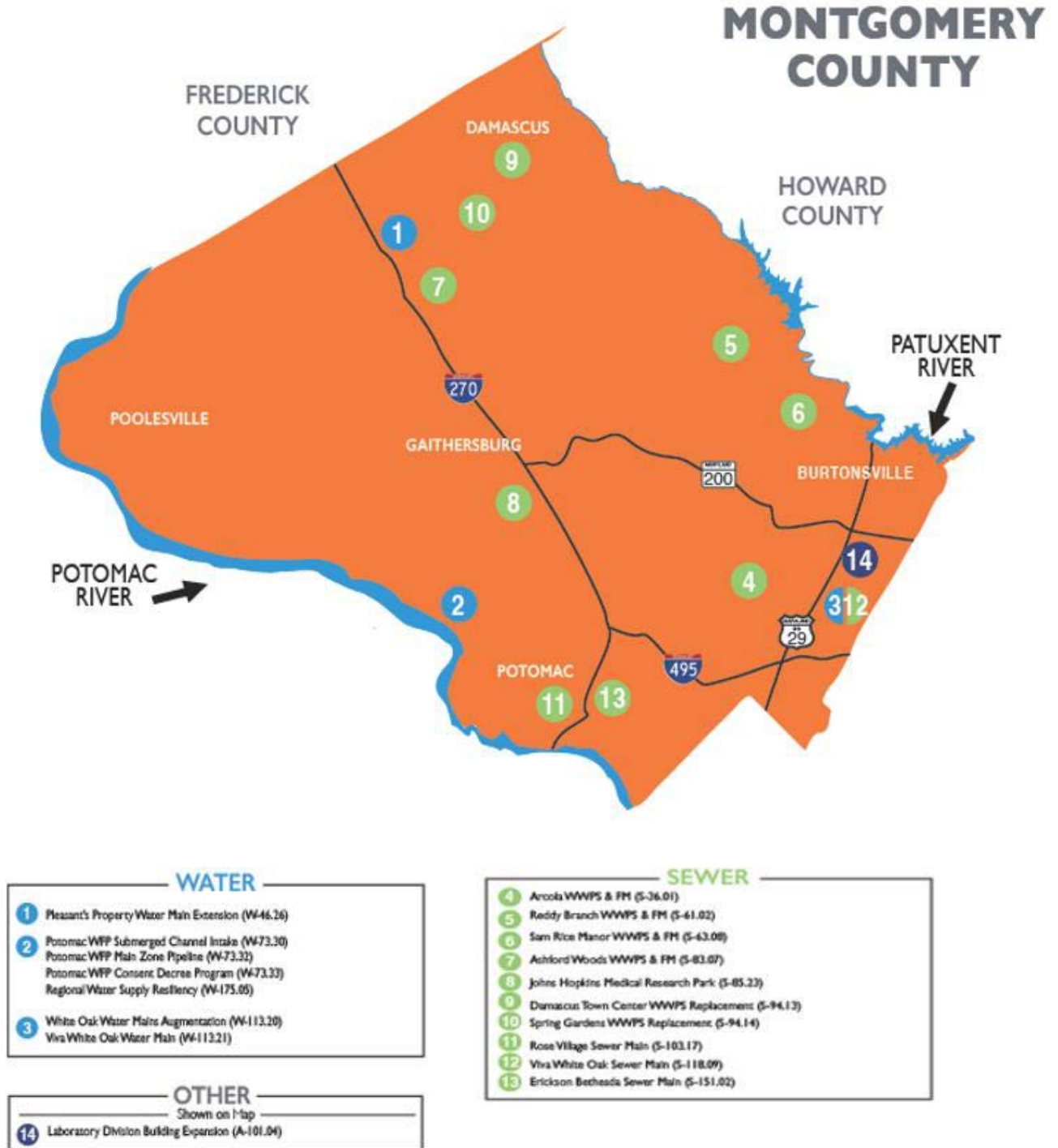
The total Fiscal Year (FY) 2025 Proposed Capital Budget is \$791.3 million. This is comprised of \$469.3 million in CIP projects, \$346.7 million in Information Only projects and an adjustment of \$24.7 million to account for expenditures funded via developer contributions for projects with a signed System Extension Permit (SEP). The FY 2025 Proposed Capital Budget is \$108.2 million higher than the FY 2024 Approved Capital Budget. The increase is primarily due to increases in programs such as Water Storage Facility Rehabilitation Program, Water Reconstruction Program, Anacostia Depot Reconfiguration, Energy Performance, Engineering Support Program, South Potomac Supply Improvement, Phase 2 and the Potomac Consent Decree Program. Key changes leading to the increase are as follows:

- An increase of \$25.2 million for the Anacostia Depot Reconfiguration
- An increase of \$24.9 million for the Prince George's County South Potomac Supply Improvement, Phase 2
- An increase of \$22.1 million for the Water Reconstruction Program
- An increase of \$13.5 million for the Water Storage Facility Rehabilitation Program
- An increase of \$10.0 million for the Engineering Support Program
- An increase of \$8.9 million for the Energy Performance Program

(\$ in thousands)	FY 2024 Approved	FY 2025 Proposed
Capital Improvements Program:		
Montgomery County Water	\$ 3,133	\$ 8,552
Prince George's County Water	39,443	65,088
Bi-County Water	142,441	160,961
Montgomery County Sewer	10,106	11,980
Prince George's County Sewer	66,393	62,507
Bi-County Sewer	180,166	160,236
Total Capital Improvements Program	\$ 441,682	\$ 469,324
Information Only:		
Water Reconstruction Program	87,182	109,241
Sewer Reconstruction Program	65,439	73,569
Anacostia Depot Reconfiguration	1,870	27,090
Laboratory Division Building Expansion	10,726	229
RGH Building Upgrades	5,038	7,458
Engineering Support Program	20,000	30,000
Energy Performance Program	4,079	12,956
Water Storage Facility Rehabilitation Program	6,692	20,207
Specialty Valve Vault Rehabilitation Program	3,072	4,186
Other Capital Programs	58,539	61,713
D'Arcy Park North Relief Sewer	290	-
Total Information Only	\$ 262,927	\$ 346,649
Total Capital Expenses	\$ 704,609	\$ 815,973
Adjustment for Developer Contributions	(21,540)	(24,706)
Capital Reductions to the Approved Budget	-	-
Total Capital Budget	\$ 683,069	\$ 791,267

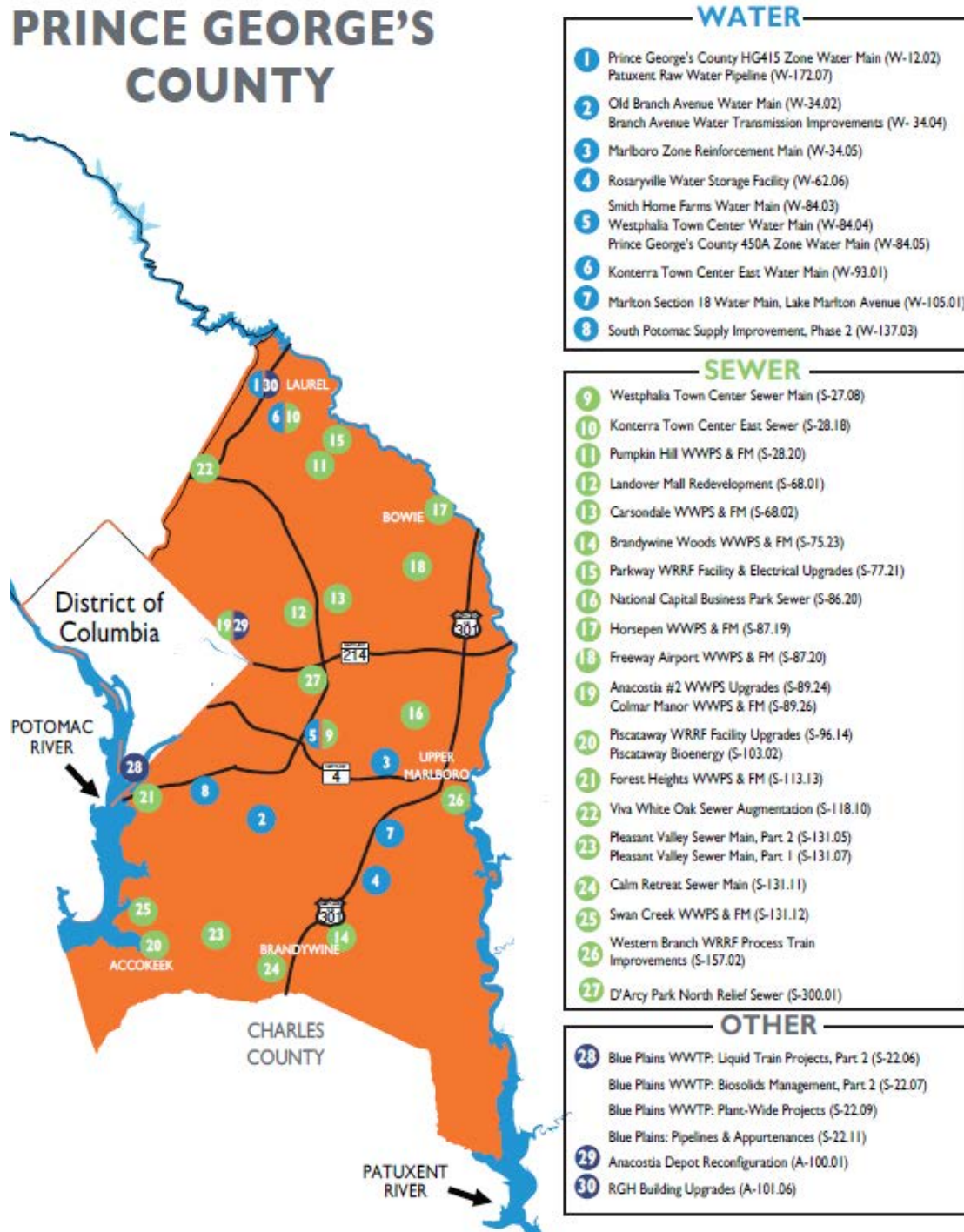
MAP OF PROJECTS IN MONTGOMERY COUNTY

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>.



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 three highlighted projects from the FY 2025 Proposed Capital Budget. All three 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.

S-157.02 - Western Branch Water Resource Recovery Facility Process Train Improvements



This project provides for the planning, design, and construction of improvements at the Western Branch Water Resource Recovery Facility required to replace the influent flow splitter box, main electrical substation, and process treatment equipment which are at the end of their useful life; to rehabilitate aging concrete treatment structures and tertiary filters; to upgrade clarifier equipment, the denitrification treatment system, the potable water system, and the solids truck loading operations; and to provide back-up power capability for treatment reliability. The estimated cost for this work is \$115.8 million.

The plant was originally built in the early 1970s. Weathering and corrosion of concrete structures and metal equipment require rehabilitation and replacement to extend the useful life and maintain safe access and operation of the process treatment reactors, clarifiers, and filters. Medium voltage electrical distribution equipment is at the end of its useful life, replacement parts are obsolete, and repair/maintenance represents a safety risk. Back-up power generators are being added to the plant to provide power reliability to maintain treatment operations during weather related power outages. The potable water well and distribution system is over 50 years old and requires replacement and upgrades. The denitrification treatment system is being upgraded to provide improved flow balancing and energy efficiency.

W-105.00 - Water Storage Facility Rehabilitation Program

The Water Storage Facility Rehabilitation Program provides for the comprehensive rehabilitation of WSSC Water's more than 60 water storage facilities located throughout the WSSC Water service area, holding over 200 million gallons of finished drinking water. The program provides for structural metal and concrete foundation repairs, equipment upgrades to meet current Occupational Safety and Health Administration (OSHA) standards, lead paint removal, security upgrades, advanced mixing systems to improve water quality, and altitude valve vault and supply pipe replacements. Projected Program spending is \$82.9 million with \$13.5 million to be spent in FY 2025.

Currently, there are more than 20 steel tanks that were last painted ten or more years ago. Many older tanks have accumulated significant layers of paint which have lost their bonding strength to the steel. Old coatings will be completely removed, and costly lead abatement techniques will be required in many cases. Tanks are prioritized based on the condition of the existing coating and structural integrity issues. Modern coating systems should extend the length of service between coatings from the current 10 years to between 15 and 20 years.



The Anacostia Depot is the largest of WSSC Water's four depots that support water and sewer field operations. The existing buildings were generally constructed in the 1970s. The depot houses several critical functions for WSSC Water, including the Trade

The project will include a new state-of-the-art administration building consolidating numerous existing functions into one facility, expanding areas needed for existing functions, and adding new amenities that currently do not exist at the depot. The goal is to greatly improve the workplace environment and productivity for depot personnel. The building will be approximately 112,000 square feet, with two floors and an intermediate mezzanine. The project will also include site improvements, renovations to the Fleet Garage building, the warehouse building, the Heavy Equipment Shop, new storage sheds, new guard booth, and a new radio shack structure.

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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 2025 Proposed Capital Budget is \$791.3 million. The funding is comprised of \$637.8 million in bonds, \$50.6 million in PAYGO and \$102.9 million in grants, contributions and other funding sources. The \$108.2 million increase from the FY 2024 Approved Capital Budget is driven primarily by CIP projects funded with bonds. Key changes leading to the increase in bond funding are as follows:

- An increase of \$25.2 million for the Anacostia Depot Reconfiguration
- An increase of \$24.9 million for the Prince George's County South Potomac Supply Improvement, Phase 2
- An increase of \$22.1 million for the Water Reconstruction Program
- An increase of \$13.5 million for the Water Storage Facility Rehabilitation Program
- An increase of \$10.0 million for the Engineering Support Program
- An increase of \$8.9 million for the Energy Performance Program

(\$ in thousands)	FY 2024 Approved	FY 2025 Proposed
Capital Improvements Program:		
Bonds	\$ 313,317	\$ 313,724
PAYGO	44,000	50,601
Federal Grants	4,542	4,769
State Grants	-	3,351
Local Government Contribution	6,328	6,246
SDC	36,945	49,925
Contribution/Other	36,550	40,708
Total Capital Improvements Program	\$ 441,682	\$ 469,324
Information Only:		
Bonds	242,037	324,049
State Grants	20,600	22,600
Contribution/Other	290	-
Total Information Only	\$ 262,927	\$ 346,649
Total Capital Funding	\$ 704,609	\$ 815,973
Adjustment for Developer Contributions	(21,540)	(24,706)
Capital Reductions to the Approved Budget	-	-
Total Capital Budget Sources	\$ 683,069	\$ 791,267

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 the use of PAYGO funding (when budgeted) lowers WSSC Water's 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 resulted in an estimated new long-term water and sewer debt requirement of \$390.3 million. The FY 2025 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 2025 Proposed Operating Budget based upon projects included in the FY 2025 Proposed Capital Budget:

(\$ in thousands)		FY 2024 Approved	FY 2025 Projected	FY 2025 Net Impact
Operating - Water and Sewer Program				
Debt Service Expense		\$ 328,467	\$ 361,968	\$ 33,501
Major Capital Projects Net Impact		-	103	103
Total		\$ 328,467	\$ 362,071	\$ 33,604

Major capital project which will impact the FY 2025 Proposed 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 2024. 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 proposed debt service expense is based upon paying the FY 2025 principal and interest payments on current outstanding debt as of June 30, 2023, budgeted new debt issues approved for FY 2024 and the proposed issuance of \$390.3 million in new debt for FY 2025 (\$215.4 million for water and \$174.9 million for sewer). The new debt issues are necessary to implement the first year of WSSC Water's Proposed Capital Improvements Program (CIP) for FYs 2025-2030, as well as the Information Only projects included in the CIP document. The FY 2025 Proposed Budget for debt service expenses is \$362.0 million, an increase of \$33.5 million or 10.2% more than the FY 2024 Approved Budget of \$328.5 million. The increase is primarily due to the deferrals and reductions made to the FY 2024 Approved Capital Budget to lower the debt issuance. In addition, inflation has contributed to the debt service increase. The FY 2025 Proposed Budget includes, 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 2025 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.

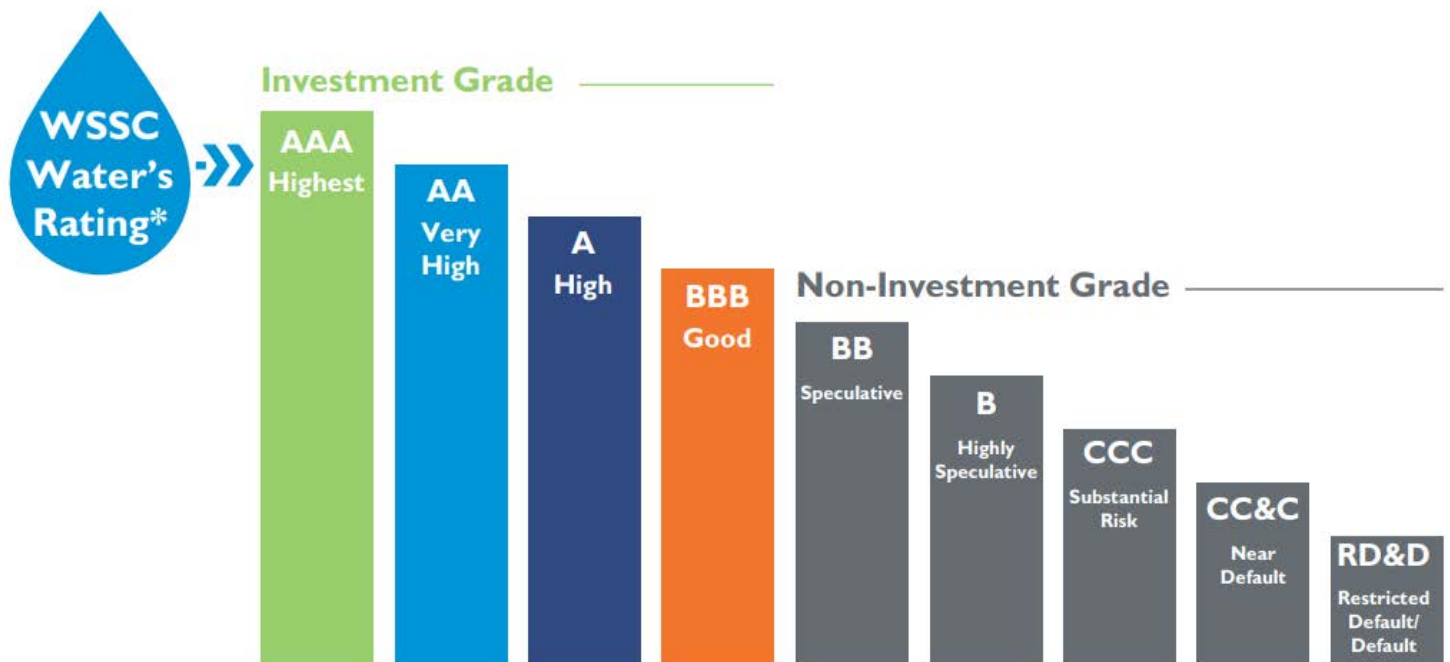
Rating Agency Reviews

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.

Rating Agency Reviews (Continued)

In September 2021 Fitch Ratings placed WSSC Water on a Negative Outlook and in early 2023, they affirmed our AAA rating but maintained the Negative Outlook. Since FY 2021, WSSC Water's management has worked aggressively to improve the financial matrix. This effort involved the reduction of expenditures, and increased rates to maintain sufficient coverage and liquidity. In February 2024, Fitch Ratings recognized our strong financial performance and upgraded our outlook from 'negative' to 'stable'. This great news compliments the 23rd consecutive year WSSC Water has achieved a AAA bond rating. The WSSC management is committed and will continue to work expeditiously to maintain and preserve our 'stable' AAA rating which is the highest possible bond rating.

Credit Rating Scale



- * Maintaining a AAA rating for our bonds helps lower costs to our customers
- * WSSC Water could likely see an increase in credit spreads from the downgrade from AAA to AA of 5 basis points in a good or stable market and up to 8 basis points in a more challenging market
- * We plan to issue around \$339 million to \$425 million of debt per year over the next six years
- * Assuming an annual issuance of \$385 million over the next six years, the interest savings from maintaining our AAA rating compared to a one-step lower rating of AA would be approximately \$1.3 million to \$2.1 million over the same term
- * Over the course of 30 years, the bonds issued during the six-year period, would yield approximately \$16.4 million to \$26.5 million in interest savings for credit spread increases of 5 and 8 basis points, respectively

OUTSTANDING DEBT

Debt Principal and Interest Obligations

Debt Principal and Interest Obligations (\$ in millions)			
Year	Principal	Interest	Total
2024	181.9	140.5	322.4
2025	201.2	128.8	330.0
2026	196.3	121.6	317.9
2027	192.6	117.1	309.7
2028	190.6	109.9	300.5
2029	185.2	102.8	288.0
2030	179.6	96.0	275.6
2031	173.0	89.4	262.4
2032	162.5	83.3	245.8
2033	146.8	77.5	224.3
2034	148.7	72.4	221.1
2035	140.4	67.9	208.3
2036	139.5	63.2	202.7
2037	138.3	58.8	197.1
2038	139.3	54.5	193.8
2039	143.7	49.9	193.6
2040	148.1	45.3	193.4
2041	152.7	40.6	193.3
2042	157.5	35.7	193.2
2043	162.3	30.7	193.0
2044	167.1	25.8	192.9
2045	153.0	20.5	173.5
2046	135.4	15.5	150.9
2047	109.0	11.0	120.0
2048	84.9	7.5	92.4
2049	63.9	5.0	68.9
2050	53.6	3.2	56.8
2051	39.2	1.9	41.1
2052	24.1	0.8	24.9
2053	3.8	-	3.8
2054	0.8	-	0.8
Total	\$ 4,115.0	\$ 1,677.1	\$ 5,792.1

¹ 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 \$4.1 billion as of June 30, 2023, an 5.7% increase over the June 30, 2022, figure of \$3.9 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 06/30/22	% of Total	Outstanding 06/30/23	% of Total
Water Supply Bonds ¹	\$ 1,556,794,984	41.9%	\$ 1,645,103,265	41.5%
Sewage Disposal Bonds	1,735,163,759	46.6%	1,846,074,095	46.6%
General Construction Bonds	117,438,256	3.2%	123,415,639	3.1%
Maryland Water Quality Bonds ²	317,550,339	8.5%	347,065,348	8.8%
Total Bonds	\$ 3,726,947,338	100.0%	\$ 3,961,658,347	100.0%
Water, Sewer and General Notes	165,600,000		153,400,000	
Total Principal Debt Outstanding	\$ 3,892,547,338		\$ 4,115,058,347	

¹Includes \$141,395,000 in Green Bonds.

²Maryland Water Quality Bonds are issued for Water, Sewer and General Construction projects.

FY 2025 Estimated Debt Outstanding

The estimated principal debt outstanding at the end of FY 2025 is built upon a base of the existing outstanding debt from past issues (as of June 30, 2023), the approved debt issues for FY 2024 and the proposed debt issues in FY 2025, along with the estimated principal payments in FY 2024 and FY 2025. The table that follows shows that the existing outstanding debt of \$4.1 billion as of June 30, 2023 is projected to grow to a total of \$4.5 billion as of June 30, 2025 an increase of 9.0%.

Total Principal Debt Outstanding, June 30, 2023	\$ 4,115,058,347
Less: Estimated Principal Payments	
FY 2024 for All Outstanding Bonds and Notes as of June 30, 2023	(181,863,097)
FY 2025 for All Outstanding Bonds and Notes as of June 30, 2023	(201,194,497)
Total (As of June 30, 2025)	\$ 3,732,000,753
Plus:	
FY 2024 Budgeted New Debt Issues:	
Water Supply Bonds	191,408,000
Sewage Disposal Bonds	188,551,000
General Construction Bonds	600,000
FY 2025 Proposed New Debt Issues:	
Water Supply Bonds	215,396,000
Sewage Disposal Bonds	174,865,000
General Construction Bonds	600,000
Less: Estimated Principal Payments:	
FY 2024 for Budgeted New Issues as of June 30, 2024	(6,237,949)
FY 2025 for Budgeted and Proposed New Issues as of June 30, 2025	(12,935,637)
Total Estimated Debt Outstanding (As of June 30, 2025)	\$ 4,484,247,167

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	\$ 158,555,578
3.8% of Total Assessable Tax Base of All Real Property	13,270,956,563
Total Debt Limit (As of June 30, 2023)	\$ 13,429,512,141
Less: Total Estimated Debt Outstanding (As of June 30, 2025)	\$ (4,484,247,167)
Legal Debt Margin	\$ 8,945,264,974

¹The 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, 2023 the total outstanding debt of \$4.1 billion represented 30.6% of the total estimated debt limit.

Fiscal Year	Total Assessed Valuation ^{1,2,3}	Total Debt Limit ¹	Total Debt Outstanding ¹	Ratio of Outstanding to Limit
2023	\$ 351,500,779	\$ 13,429,512	\$ 4,115,058	30.6%
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%

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

²Sources 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.

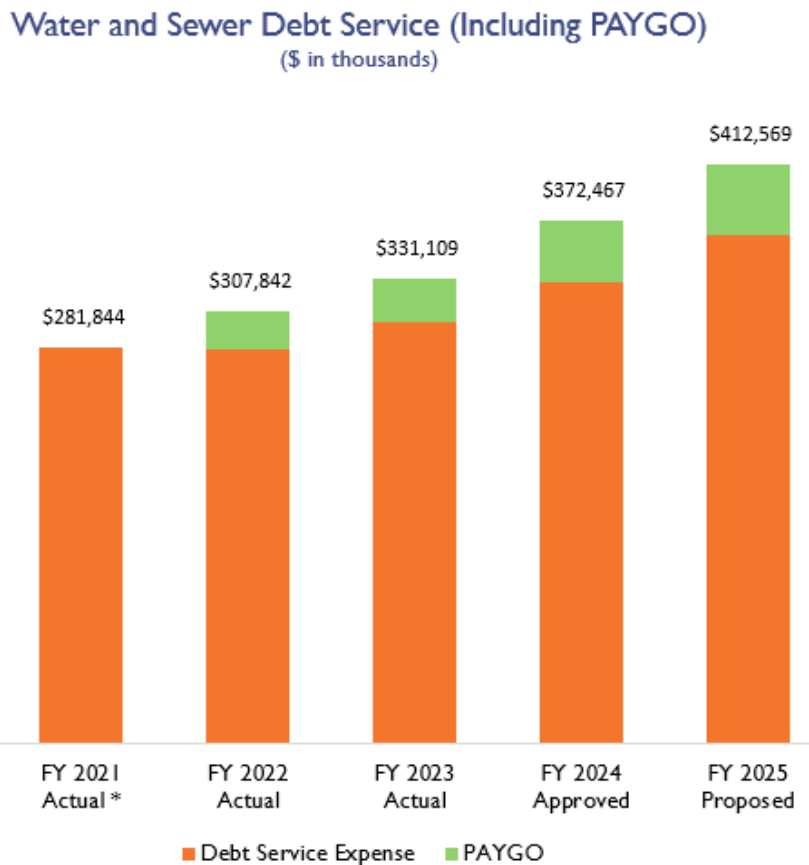
³The assessed valuation figures are based on the totals for Montgomery and Prince George's Counties (through FY 2023), which are being used as an approximation of the values for the WSSD.

DEBT SERVICE TRENDS

Water and Sewer Debt Service (Including PAYGO)

The water and sewer debt service expenses (\$362.0 million in FY 2025) are funded by WSSC Water ratepayers through water consumption and sewer use charges and the IIF. WSSC Water programs use 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 2021-2025. WSSC Water's requirements for water and sewer debt service have been increasing, from a total of \$281.8 million in debt service in FY 2021 to an estimated \$412.6 million of debt service and PAYGO in FY 2025. 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.

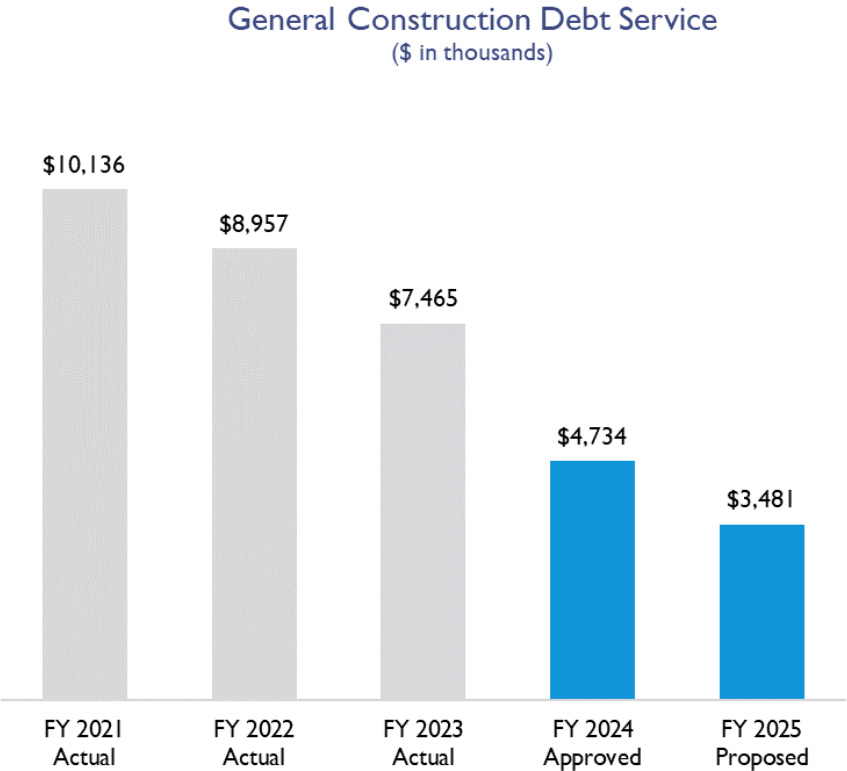


* In FY 2021, PAYGO was reduced to zero as part of the COVID-19 savings plan.

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 \$10.1 million in FY 2021 to an estimated \$3.5 million in FY 2025, a decrease of 65.7%. 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, in the event the environmental features will be affected by the proposed construction of a project.

WATER QUALITY CAPITAL PROJECTS

A further extension of these protections has been funded by approximately \$196.7 million included in the Fiscal Year (FY) 2025 Proposed 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	Proposed FY 2025 (\$ in thousands)
S - I.01 Sewer Reconstruction Program	Ongoing	\$ 71,958
S - 22.11 Blue Plains WWTP: Pipelines & Appurtenances	Ongoing	19,409
S - 170.09 Trunk Sewer Reconstruction Program	Ongoing	49,430
W - 73.33 Potomac WFP Consent Decree Program	Construction	55,914
Total Water Quality Projects		\$ 196,711

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

First passed in 1992, the EPA's Lead and Copper Rule (LCR) is one of the highest profile Safe Drinking Water Act (SDWA) regulations. 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. The most recent round of monitoring was performed in FY 2024 with the 90th percentile for lead at <2.0 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 TL or AL 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. Get more information at <https://www.wsscwater.com/what-we-do/water-quality/drinking-water-source-protection>.



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.

To prevent lead from entering drinking water, 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:

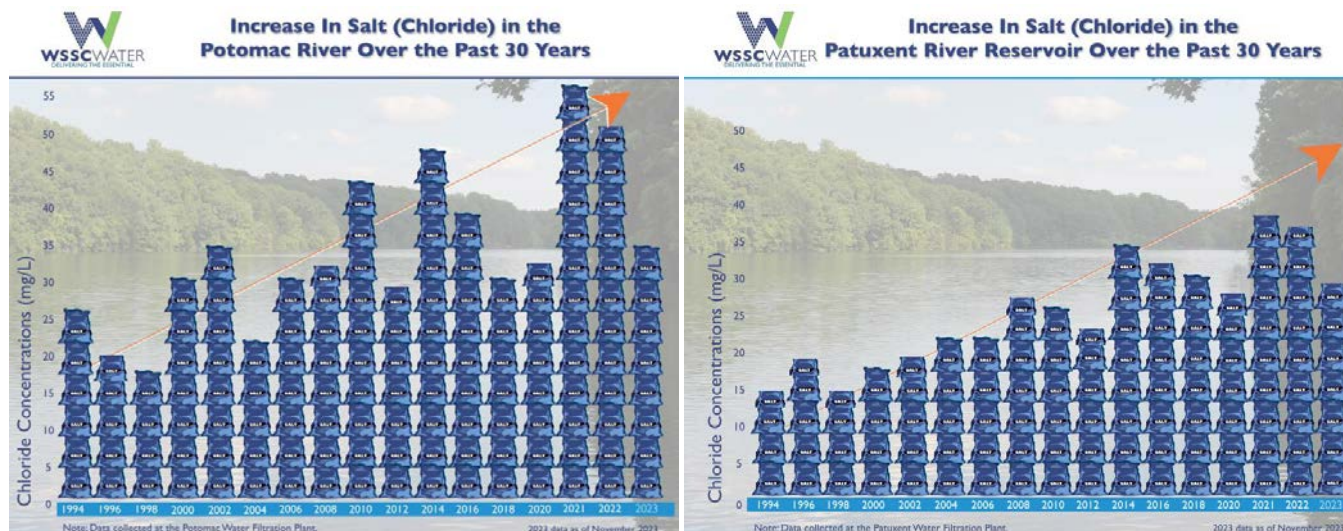
- Run water to flush out any potential lead content: if water has not been used for several hours, run water for 15 to 30 seconds or until it becomes cold or reaches a steady temperature before using it for drinking or cooking
- Use cold water for drinking, cooking and preparing baby formula
- Periodically remove debris from faucet strainers – recommended twice a year
- Have an electrician check the grounding in the home
- 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

3

Sweep &
Reuse

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. Both residential and commercial customers have key roles to play in WSSC Water's FOG Program. Get more information at <https://www.wsscwater.com/canthe grease> and <https://www.wsscwater.com/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 \$2 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

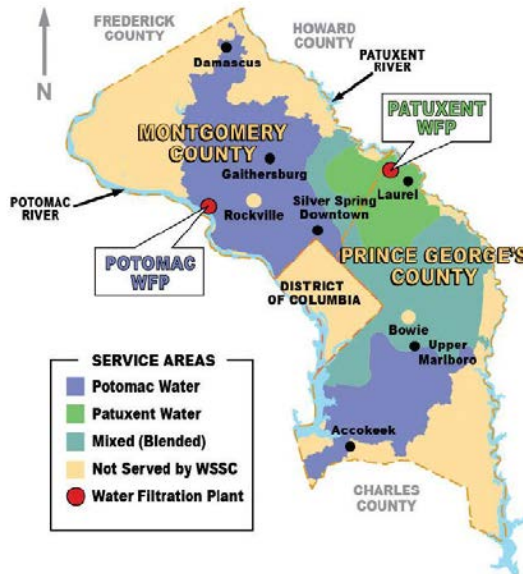
WSSC Water adopted the U.S. Food and Drug Administration recommendations to not dispose of unused or expired pharmaceutical drugs into the sanitary sewer system. Any pharmaceutical flushed down the toilet or discharged to the sanitary sewer system could potentially make its way into the drinking water 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”.

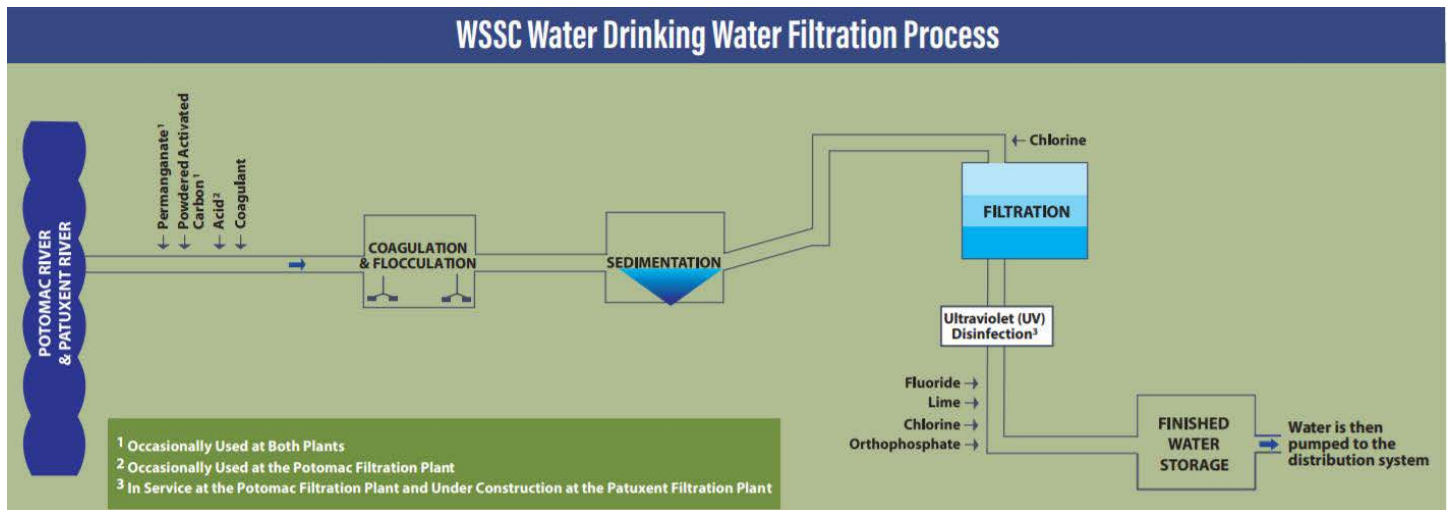
As for other hazardous wastes such as household cleaners, pesticides, paints, motor oil and prescription drugs: never pour them down the drain, in the toilet, on the ground or in storm drains. The best place to take these hazardous substances is to a recycling center. Please contact your County's solid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

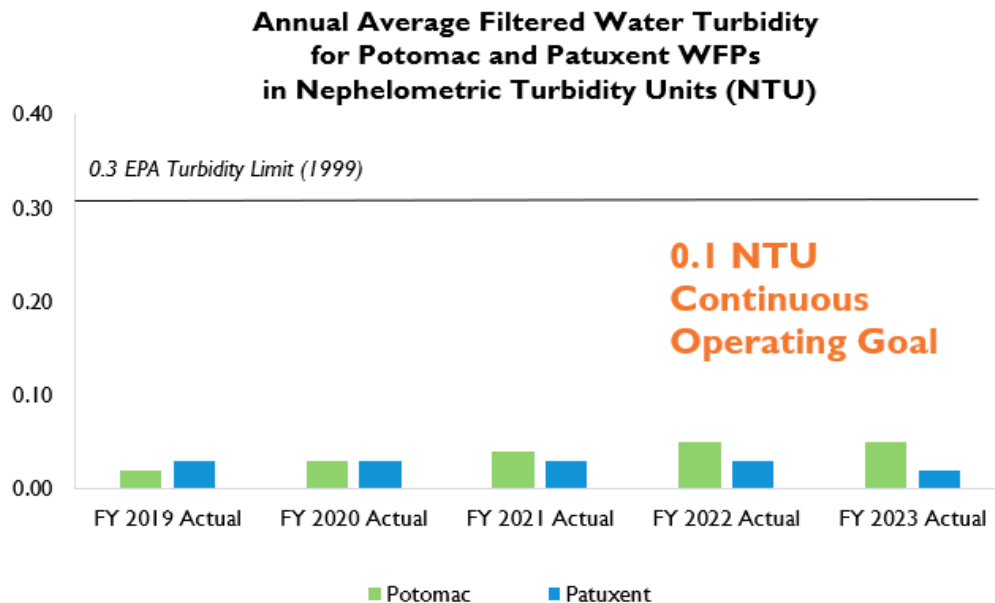
WSSC Water has never exceeded a maximum contaminant level or failed to meet a treatment technique requirement established by the EPA in accordance with the Safe Drinking Water Act.

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.

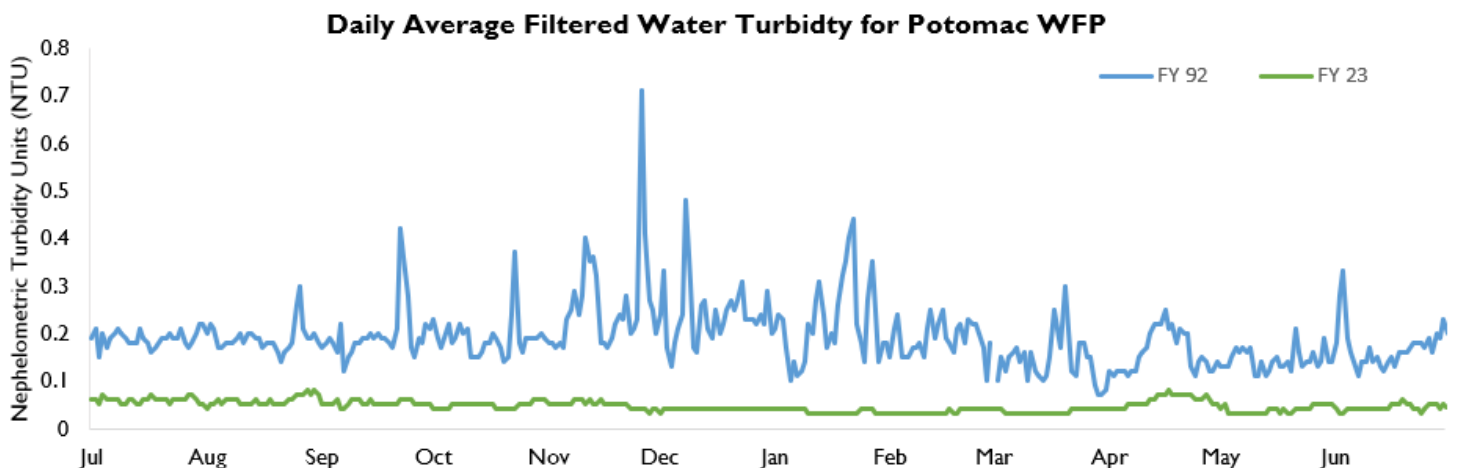
PERFORMANCE OF KEY SERVICES (Continued)

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 2019 - 2023. 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.



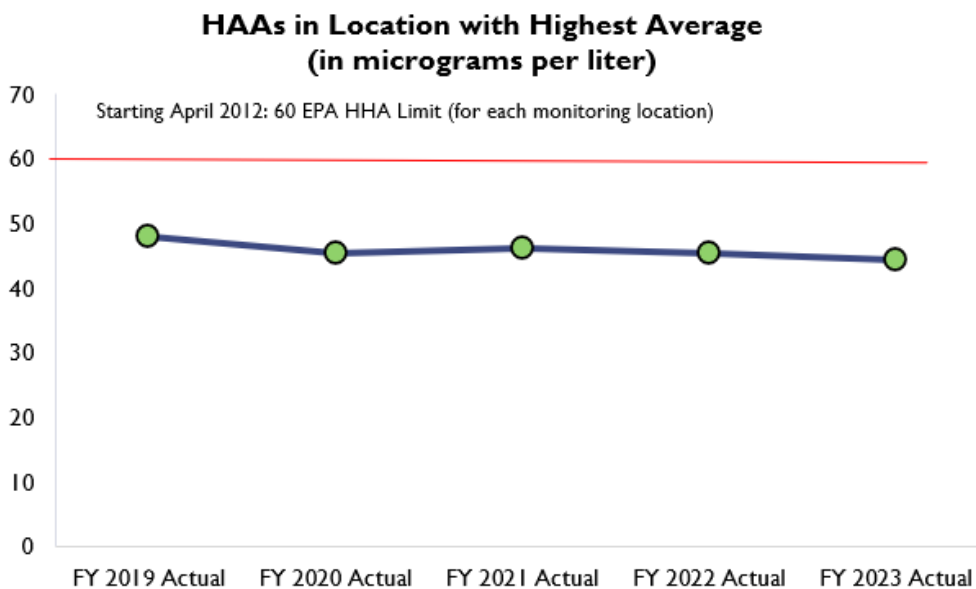
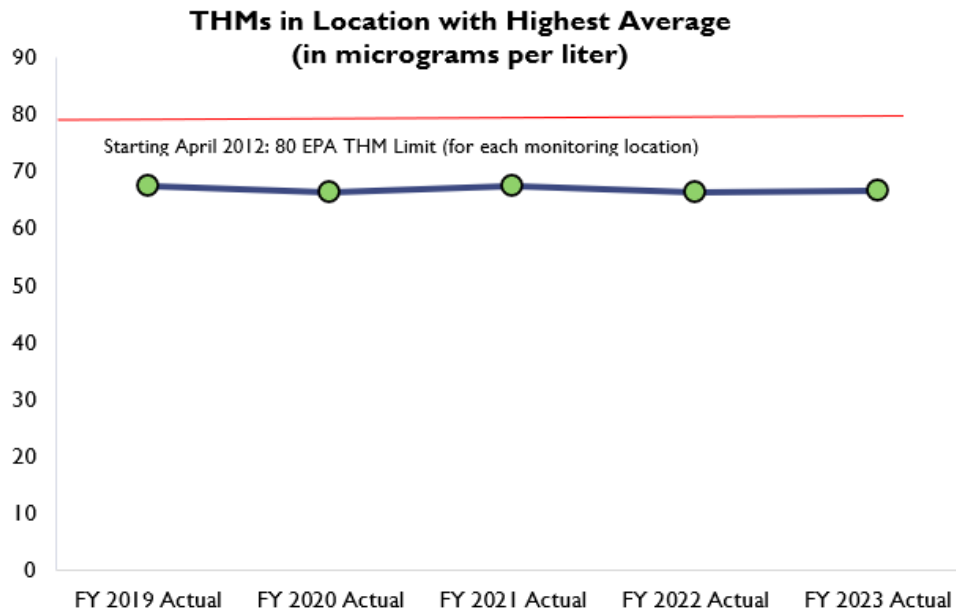
Not only has average turbidity been reduced, but also, as shown in the graph below for the Potomac WFP, the magnitudes of the daily peaks associated with variable raw water quality have been substantially reduced from FY 1992 peak levels. This latter measure is of particular importance in ensuring the 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

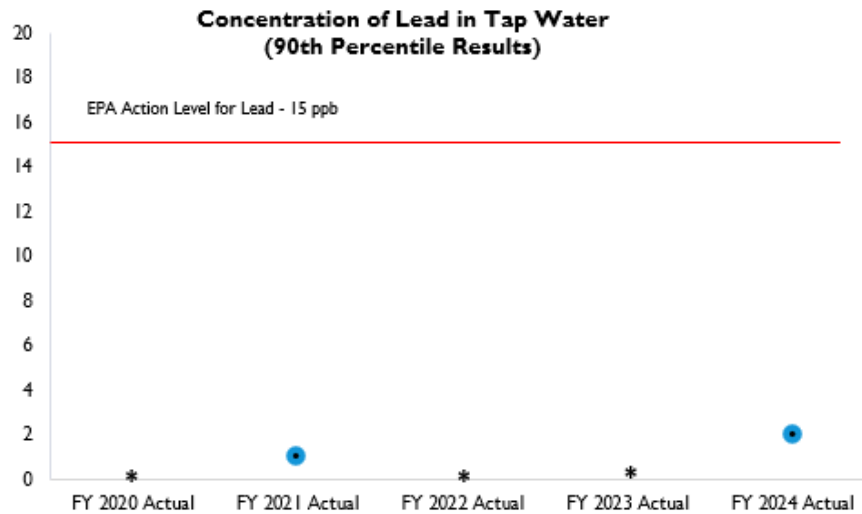
WSSC Water has also been aggressively pursuing enhanced coagulation (optimization of coagulant doses and pH levels to improve total organic carbon removal) to enhance disinfection byproduct precursor removal, thereby lessening the formation of potential carcinogens in the finished water. Effective January 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 took effect near the end of FY 2012 and builds upon earlier rules to improve drinking water quality. The rules strengthen 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.



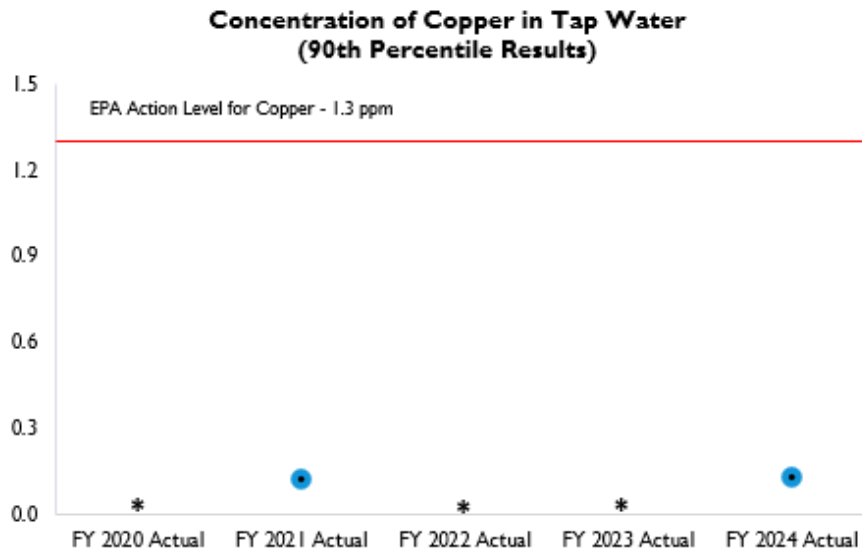
PERFORMANCE OF KEY SERVICES (Continued)

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 90th percentile lead and copper levels are well below the tap water action levels. The most recent round of monitoring was performed in FY 2024 with the 90th percentile for lead at <2.0 ppb. Under the revised Lead and Copper Rule, the monitoring frequency will return to every 6 months starting from January 2025.



*No sampling required in these years.

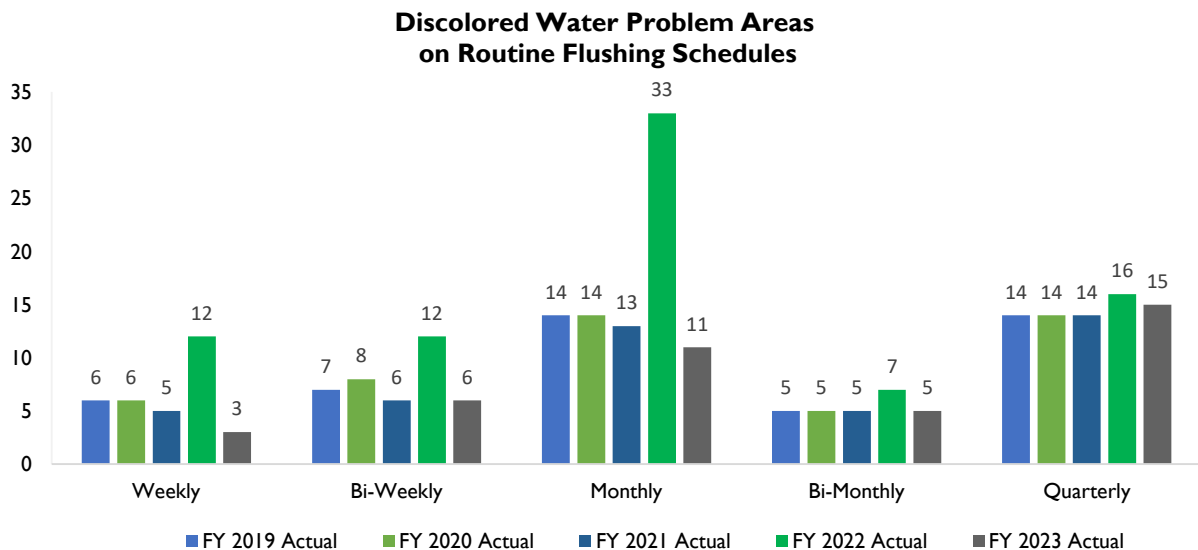
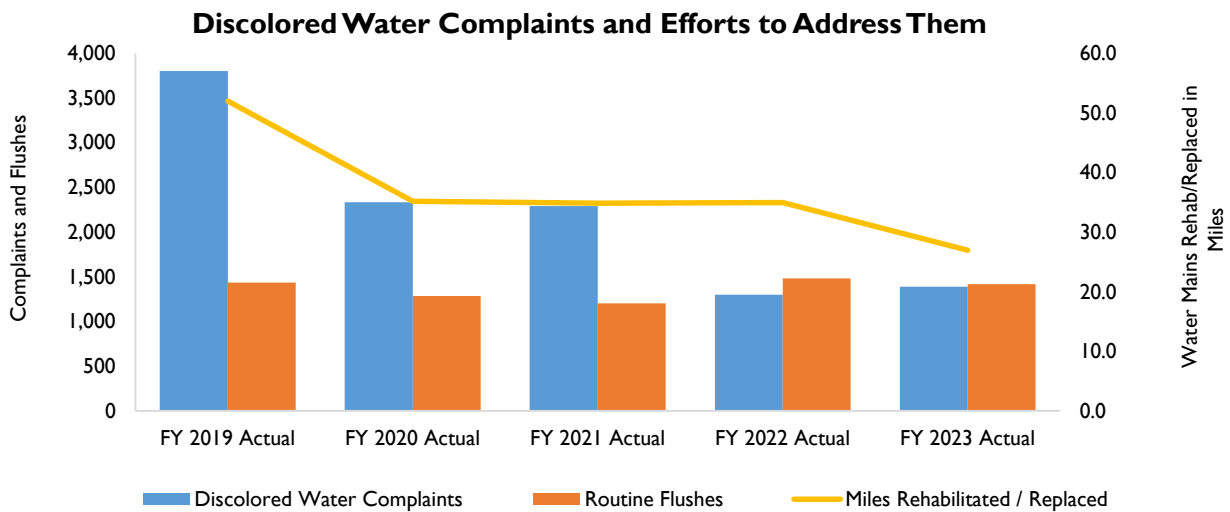


*No sampling required in these years.

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 2023 the agency replaced 22 miles of distribution mains and 5.5 miles of transmission mains. The FY 2023 program was impacted by challenges in material availability and supply chains. The Systems Enhancement Unit replaced 2 miles of distribution mains. In addition, total discolored water events slightly increased from 1,301 to 1,390 as additional analysis was identified for a few areas. The total routine flushing of water mains were 1,420 in FY 2023.

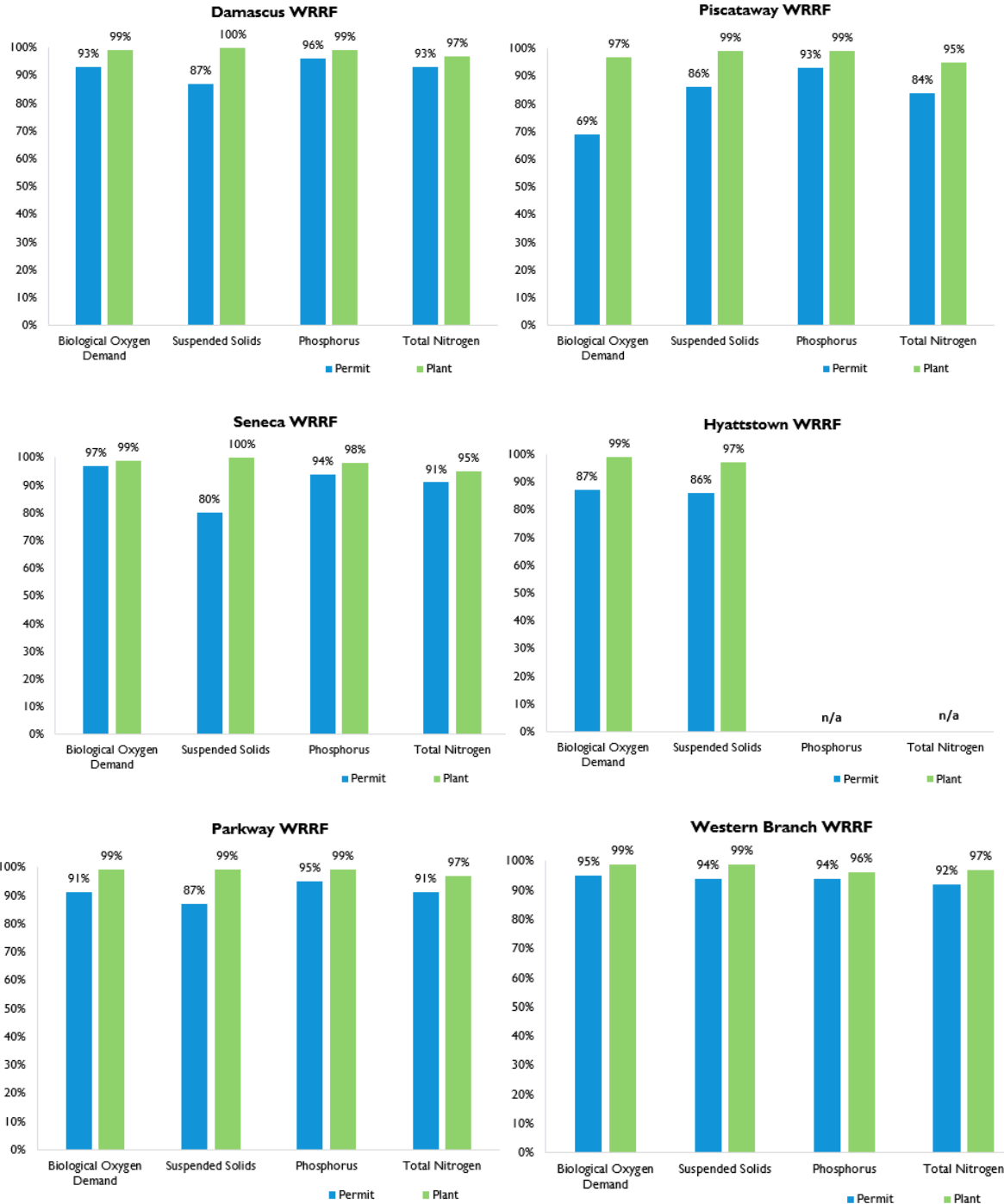


The graph above shows the number of areas requiring regular flushing on a weekly, bi-weekly, monthly, bi-monthly, quarterly, or semi-annual basis.

PERFORMANCE OF KEY SERVICES (Continued)

FY 2023 Percentage Removal of Substances Regulated by Discharge Permits

The following graphs present actual FY 2023 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 2025, the Production Department will continue to pursue its goal of meeting or surpassing the permit requirements for each plant.

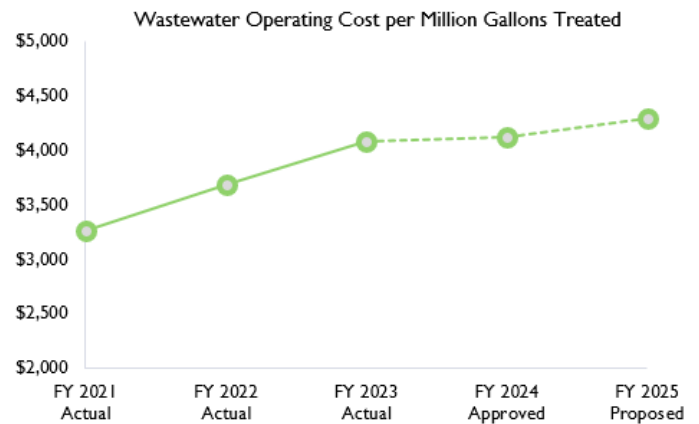
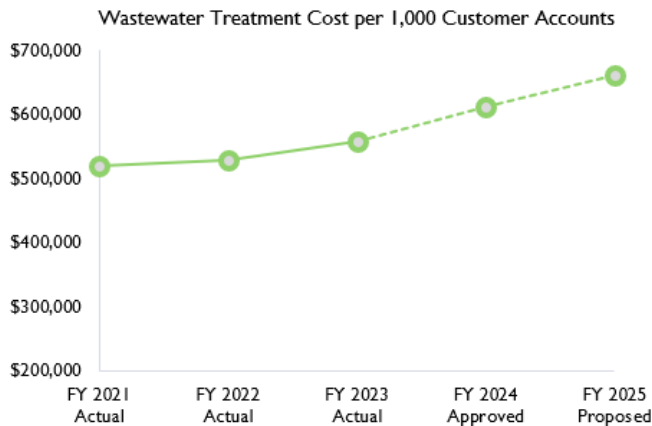
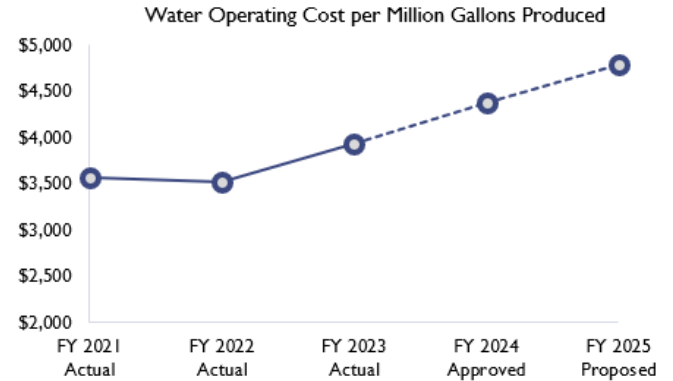
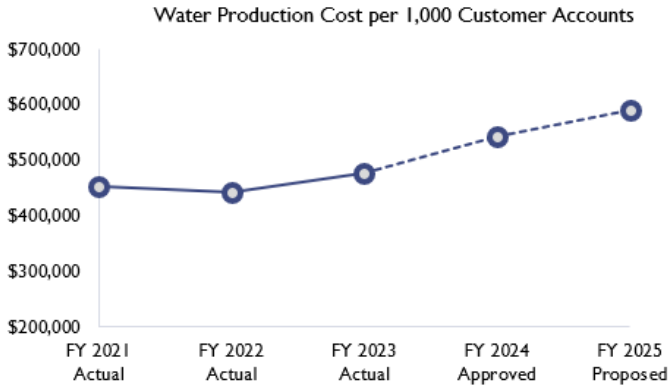


Note: ■ Permit should be less than ■ Plant

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. Except for the Wastewater Operating Cost per Million Gallons of Sewage Treated graph, all other three graphs show steadily increasing costs starting from FY 2023 through FY 2025. These increases are primarily due to inflated chemical costs as well as increased water and wastewater operating costs.



Note: FY 2024 and FY 2025 are budgeted, not actual.

SECTION II
ORGANIZATIONAL BUDGETS

ORGANIZATIONAL BUDGETS AND MEASURES

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

COMPARATIVE EXPENSES BY ORGANIZATION ALL OPERATING AND CAPITAL FUNDS

Organization	FY 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Change	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Governance								
Commissioners'/Corporate Secretary's Office*	2.0	\$ 2,599,052	2.0	\$ 490,357	4.0	\$ 659,768	2.0	\$ 169,411
Office of the Inspector General [†]	9.7	1,604,670	10.0	1,668,842	10.0	1,745,093	-	76,251
Office of the General Manager								
General Manager's Office	8.0	1,926,601	8.0	1,824,198	8.0	2,078,913	-	254,715
Office of Performance and Accountability	4.9	540,388	6.0	1,276,929	6.0	1,187,968	-	(88,961)
Human Resources Department	26.8	4,059,927	31.0	5,699,692	37.0	6,909,207	6.0	1,209,515
General Manager's Direct Reports								
General Counsel's Office	24.0	10,189,180	29.0	10,690,162	33.0	10,937,118	4.0	246,956
Finance Department	60.1	7,980,410	65.0	8,607,480	65.0	9,467,053	-	859,573
Customer Service & Community Relations Department	119.2	13,963,014	127.0	16,414,891	148.0	21,764,778	21.0	5,349,887
Engineering & Construction Department	331.4	445,605,143	370.0	659,564,965	387.0	725,071,418	17.0	65,506,453
Information Technology Department	86.6	53,512,674	103.0	61,091,862	113.0	69,834,528	10.0	8,742,666
External Affairs								
Intergovernmental Relations Office	3.5	647,271	4.0	775,495	5.0	1,001,172	1.0	225,677
Communications Office	12.6	1,893,169	14.0	2,195,588	14.0	2,343,377	-	147,789
Office of Supplier Diversity & Inclusion	7.5	1,091,766	10.0	1,350,416	10.0	1,362,484	-	12,068
Procurement Office	22.4	2,573,811	31.0	3,454,267	37.0	4,087,865	6.0	633,598
Operations								
Production Department	324.0	166,105,813	331.0	173,700,905	350.0	192,306,526	19.0	18,605,621
Utility Services Department	454.1	91,789,547	510.0	120,929,454	533.0	138,866,508	23.0	17,937,054
Innovation & Research Division	5.0	1,357,771	5.0	1,296,986	5.0	1,330,991	-	34,005
Mission Support								
General Services Department	85.4	42,038,873	130.0	66,381,202	141.0	100,597,354	11.0	34,216,152
Police & Homeland Security Office	35.5	5,042,452	40.0	5,487,066	45.0	5,975,762	5.0	488,696
Occupational Safety & Health Division	8.4	2,492,068	9.0	3,150,665	10.0	3,505,317	1.0	354,652
Enterprise Risk Management	1.0	453,698	1.0	187,824	2.0	253,692	1.0	65,868
Other								
Human Resources Non-Departmental	-	30,178,351	-	32,624,782	-	34,077,175	-	1,452,393
Finance Non-Departmental								
Debt Service	-	307,558,197	-	333,201,310	-	365,448,999	-	32,247,689
PAYGO	-	31,015,998	-	44,000,000	-	50,601,000	-	6,601,000
Other (Social Security, Retirement, etc.)	-	43,605,145	-	59,818,218	-	61,427,738	-	1,609,520
Retirement Trust Chargeback	-	(1,673,547)	-	(1,632,330)	-	(1,771,610)	-	(139,280)
Total	1,632.1	\$ 1,268,151,442	1,836.0	\$ 1,614,251,226	1,963.0	\$ 1,811,070,194	127.0	\$ 196,818,968

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

Note: Explanations of workyear and budget variances are included in the department details of Section II

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: Fund Type:	Operating			Capital		
	Water Operating	Sewer Operating	General Bond Debt Service	Water Supply	Sewage Disposal	General Construction
Governance						
Commissioners'/Corporate Secretary's Office	X	X	X	X	X	X
Office of the Inspector General	X	X	X	X	X	X
Office of the General Manager						
General Manager's Office	X	X	X	X	X	X
Office of Performance and Accountability	X	X	X	X	X	X
Human Resources Department	X	X	X	X	X	X
General Manager's Direct Reports						
General Counsel's Office	X	X	X	X	X	X
Finance Department	X	X	X	X	X	X
Customer Service & Community Relations Department	X	X				
Engineering & Construction Department	X	X		X	X	X
Information Technology Department	X	X	X	X	X	X
External Affairs						
Intergovernmental Relations Office	X	X	X	X	X	X
Communications 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
Operations						
Production Department	X	X		X	X	
Utility Services Department	X	X		X	X	X
Innovation & Research Division	X	X	X	X	X	X
Mission Support						
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
Other						
Human Resources Non-Departmental	X	X	X	X	X	X
Finance Non-Departmental						
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) 2025 incorporate the policy and guideline recommendations discussed in the Sections 4 and 6.

Salaries & Wages Summary

	<u>FY 2025 Proposed</u>	
	Work Years	Amount
Base Positions Funded Full Year	1,963	\$ 197,023,659
Overtime		8,906,784
Subtotal		205,930,442
Lapse on Base Positions*		(25,405,917)
Subtotal		180,524,525
Salary Enhancements		10,513,157
Salary - 6 Commissioners		78,500
Total	1,963	\$ 191,116,182

*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 2025 Proposed 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 2025. 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

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	FY 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Commissioners'/Corporate Secretary's Office*	2.0	\$ 2,599,052	2.0	\$ 490,357	4.0	\$ 659,768	2.0	\$ 169,411
Office of the Inspector General*	9.7	1,604,670	10.0	1,668,842	10.0	1,745,093	-	76,251
Total	11.7	\$ 4,203,722	12.0	\$ 2,159,199	14.0	\$ 2,404,861	2.0	\$ 245,662

(*) Commissioners (6) and Inspector General (1) not included in totals for workyears. However, funds shown in table above provide for associated workyear expenses. Two new workyears are added to the Commissioner's/Corporate Secretary's Office.

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, including 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.



COMMISSIONERS'/CORPORATE SECRETARY'S OFFICE (Continued)

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.

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 sit on various standing Committees. The Audit Committee monitors WSSC Water's audit processes, financial reporting processes, system of internal controls, and compliance with laws, regulations, and the WSSC Code of Ethics. Commissioners are also assigned to the Employees' Retirement Board of Trustees, Deferred Compensation Committee; and the OPEB Board. 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.

OFFICE OF THE INSPECTOR GENERAL (Continued)

Core Activities (Continued)

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 to focus on areas that were 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 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
General Manager's Office	8.0	\$ 1,926,601	8.0	\$ 1,824,198	8.0	\$ 2,078,913	-	\$ 254,715
Office of Performance and Accountability	4.9	540,388	6.0	1,276,929	6.0	1,187,968	-	(88,961)
Human Resources Department	26.8	4,059,927	31.0	5,699,692	37.0	6,909,207	6.0	1,209,515
Total	39.7	\$ 6,526,916	45.0	\$ 8,800,819	51.0	\$ 10,176,088	6.0	\$ 1,375,269

Explanation regarding department variances can be found within the department's section.

GENERAL MANAGER'S OFFICE

The General Manager's Office provides managerial direction to all agency operations and support functions and serves as the agency's primary representative to the Counties, state, and federal governments as well as to other outside stakeholder groups.



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 coordination, management, and evaluation of agency-wide activities within WSSC Water and recommending courses of action to the Commissioners. The General Manager's Office is responsible for all agency operations and functions.

OFFICE OF PERFORMANCE & ACCOUNTABILITY

The Office of Performance & Accountability is responsible for looking across the entire organization to identify where we can work smarter, collaborate and use data to make informed decisions.

Mission Statement

To collect, promulgate and analyze data to improve operational efficiency, inform decisions, and increase transparency and collaboration throughout WSSC Water.

Core Activities

Performance Management Stat Meetings - This activity is responsible for leading regular data-driven statistical meetings to share accurate and up-to-date information, coordinate the development of tactics and strategies, rapidly deploy resources and follow-up for the collective benefit of all stakeholders in the process.

Strategic Planning – This activity directs strategic planning by coordinating the development process that defines goals, prioritizes efforts and the allocation of resources, and aligns stakeholders and employees to implement the Strategic Plan.

Business Process Optimization/Improvement – This activity works to improve processes and performance by determining and evaluating business processes, performing departmental reviews, and subsequently implementing and measuring changes to improve efficiency and effectiveness in a collaborative manner.

Support Key Initiatives – This activity provides implementation support for key initiatives by assisting, coordinating and fostering peer-to-peer accountability.

Performance Metrics – This activity develops key performance indicators, benchmarks and service levels to help measure, track and facilitate progress.

Comprehensive Analysis – This activity tackles targeted data analytics projects by performing rapid assessment and research of data, identifying patterns, trends and observations that may not be visible through other means.

Decision Support – This activity answers questions and aid decision-making by collecting, analyzing, interpreting and sharing data.

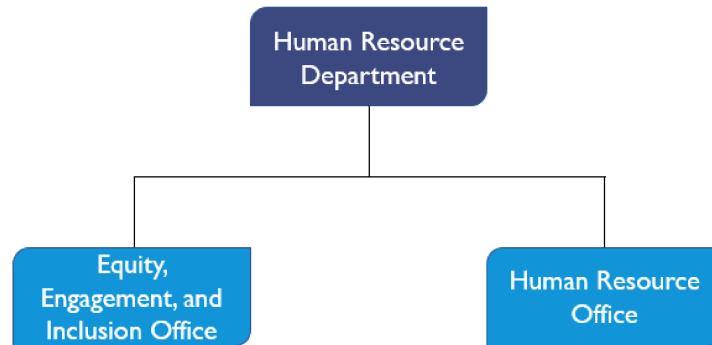
Performance Evaluation – This activity monitors and evaluate the effectiveness of programs, projects, action items and strategic plan implementation.

JEDI – This activity prioritizes the advancement of Justice, Equity, Diversity and Inclusion in all we do.

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 diversity, equity, engagement and inclusion policies. Lead by the Director of HR, the department is comprised of the divisions in the following chart.

Organizational Structure



Mission Statement

To build a strong resilient team of water workforce professionals.

Budget Summary

Human Resources Department	FY 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Human Resources Office	23.8	\$ 3,595,806	28.0	\$ 5,147,901	34.0	\$ 6,183,427	6.0	\$ 1,035,526
Equity, Engagement and Inclusion Division	3.0	464,122	3.0	551,791	3.0	725,780	-	173,989
Total	26.8	\$ 4,059,928	31.0	\$ 5,699,692	37.0	\$ 6,909,207	6.0	\$ 1,209,515

Explanation of Major Variances

The FY 2025 Proposed Budget for the HR Department reflects an increase of 21.2% above the FY 2024 Approved Budget. The increase is primarily due to the addition of six new workyears in the Human Resources Office. These new positions will allow the department to better support recruitment and retention as well as promote and protect racial equity and social justice within the workforce.

HUMAN RESOURCES DEPARTMENT (Continued)

Highlights

- Enhancing talent acquisition and the workforce development process for the career growth and sustainability of WSSC Water

Accomplishments

- Sponsored and attended career and job fairs to attract employees
- Enhanced leave programs and other work-life policies

Equity and Environmental Justice

- The HR Office is overseeing salary enhancement efforts across the agency to ensure all positions are adequately graded and compensated.



HUMAN RESOURCES OFFICE

The Human Resources Office develops and maintains the employee benefit structures and the classification and compensation programs, plays a pivotal role in workforce development and professional development training courses and manages the talent acquisitions. 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 diversity, equity and an inclusive work environment for WSSC Water employees. 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 General Counsel's Office, 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.

HUMAN RESOURCES OFFICE (Continued)

Core Activities (Continued)

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 drives WSSC Water's Diversity, Equity, Inclusion and Environmental Justice (DEI&EJ) strategies and actions, consistent with the agency's transition report and strategic plan. The division also ensures WSSC Water's compliance with Equal Employment Opportunity laws and practices, and addresses employee discrimination, harassment and retaliation issues and complaints in accordance with its policies and procedures, as well as it transforms employee engagement with efforts to assess, design and implement initiatives that support Team H2O by improving awareness of DEI&EJ.

Core Activities

Equal Employment Opportunities – A primary activity to ensure that DEI&EJ is incorporated in everything we do at WSSC Water. This activity also 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 REPORTS

The General Manager's Direct Reports are comprised of General Counsel, Chief Financial Officer, Chief Engineer and Chief Information Officer. Customer Service & Community Relations Department now reports to the Chief Financial Officer. Customer Service and Community Relations Department now reports to the Chief Financial Officer

Budget Summary

General Manager's Direct Reports	FY 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
General Counsel's Office	24.0	\$ 10,189,180	29.0	\$ 10,690,162	33.0	\$ 10,937,118	4.0	\$ 246,956
Finance Department	60.1	7,980,410	65.0	8,607,480	65.0	9,467,053	-	859,573
Customer Service & Community Relations Department	119.2	13,963,014	127.0	16,414,891	148.0	21,764,778	21.0	5,349,887
Engineering & Construction Department	331.4	445,605,143	370.0	659,564,965	387.0	725,071,418	17.0	65,506,453
Information Technology Department	86.6	53,512,674	103.0	61,091,862	113.0	69,834,528	10.0	8,742,666
Total	621.3	\$ 531,250,421	694.0	\$ 756,369,360	746.0	\$ 837,074,895	52.0	\$ 80,705,535

Explanation regarding department variances can be found within the department's section.

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.

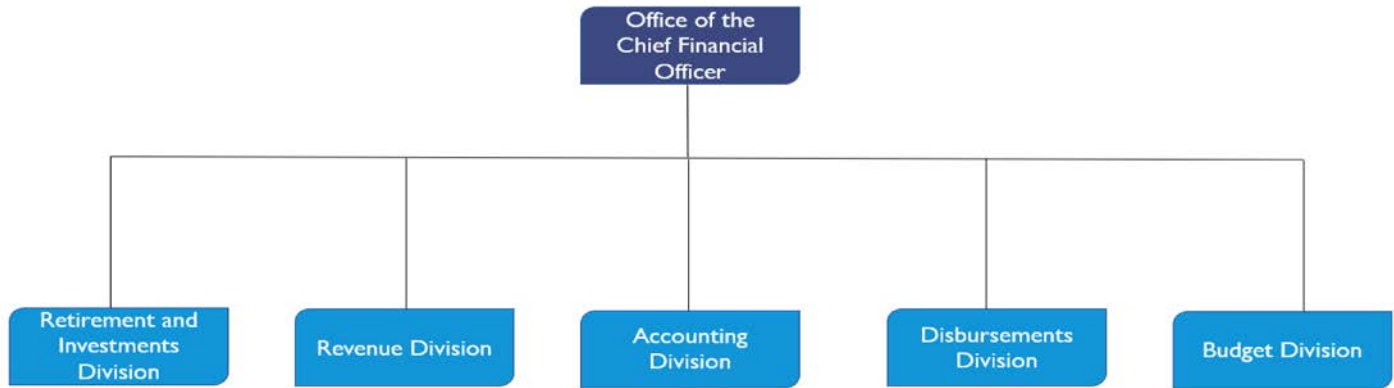
Billed Work – This activity involves investigation of damage to WSSC Water's property caused by others, or damage WSSC Water causes to others.

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 and the Customer Service and Community Relations Department.

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 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Chief Financial Officer	2.1	\$ 951,786	6.0	\$ 1,327,765	5.0	\$ 1,460,226	(1.0)	\$ 132,461
Retirement & Investments Division	6.1	1,014,289	6.0	991,286	6.0	1,071,853	-	80,567
Revenue Division	13.2	1,452,036	13.0	1,533,105	13.0	1,554,463	-	21,358
Accounting Division	16.6	1,872,898	17.0	1,887,090	17.0	2,198,870	-	311,780
Disbursements Division	12.7	1,366,884	14.0	1,412,277	14.0	1,523,475	-	111,198
Budget Division	9.4	1,322,518	9.0	1,455,957	10.0	1,658,166	1.0	202,209
Total	60.1	\$ 7,980,411	65.0	\$ 8,607,480	65.0	\$ 9,467,053	-	\$ 859,573

Explanation of Major Variances

The FY 2025 Budget for the Finance Department reflects an overall increase of 10.0% from the FY 2024 Approved Budget. The increase is primarily due to adding grants management software and augmenting staffing for the fixed assets Oracle migration.

Highlights

- Develop and implement an invoice automation system
- Develop and implement a capital asset system

FINANCE DEPARTMENT (Continued)

Accomplishments

- Prepared and delivered Bond Rating Agency presentations and maintained a AAA Bond Rating from all three rating agencies
- Improved financial metrics resulting in removal of negative outlook by Fitch Ratings. Outlook changed to stable
- Successfully completed a General Obligation Bond sale of \$330 million, including \$30 million in Green Bonds for 30-year terms with a true interest cost of 3.96%
- Prepared and delivered numerous presentations on CIP and operating budgets to elected officials and county staffs resulting in support for an 8.5% revenue enhancement for FY 2025
- Introduced a process to capitalize future facility plan costs
- Introduced an asset category to capitalize manholes
- Received GFOA Distinguished Budget Award for 29th consecutive year

Equity and Environmental 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. The Customer Service and Community Relations Department also reports to the Chief Financial Officer.

Core Activities

Grants Administration and Capital Funding – This activity administers Maryland Water Quality loans and grant monies received from federal, state and additional entities. 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 Other Post Employment Benefits (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.

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.

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.

DISBURSEMENTS DIVISION (Continued)

Core Activities (Continued)

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 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 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.	37.7% / 36.7%	36.5% / 37.5%	35.5%	35.7%

Goal: Ensure the long-term fiscal stability and soundness of WSSC Water.

Strategic Priority: Spend Customer Dollars Wisely

Objectives	Outcome Measure	FY 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 Target
Maintain a debt service coverage ratio (DSCR) greater than 1.5	Ratio of debt service coverage.	1.33 / 1.04	1.8 / 1.3	1.3	1.3

Goal: Minimize borrowing costs.

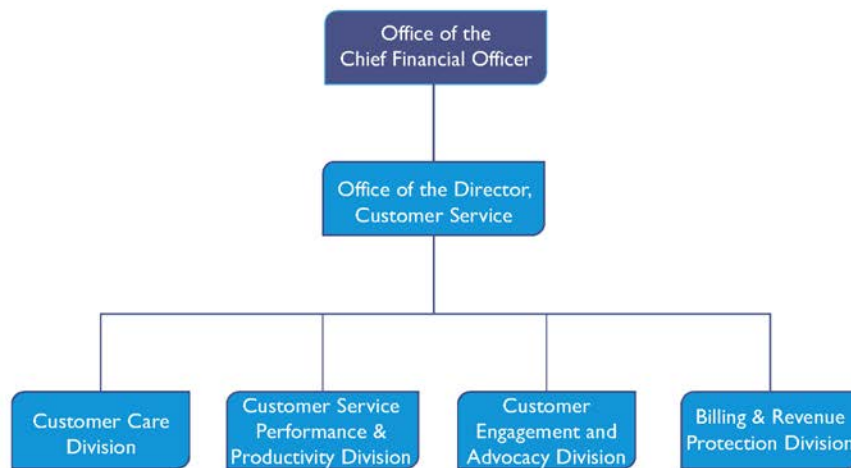
Strategic Priority: Spend Customer Dollars Wisely

Objectives	Outcome Measure	FY 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 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 & COMMUNITY RELATIONS DEPARTMENT

The Customer Service & Community Relations 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. Led by the Director of Customer Service & Community Relations Department who reports to the Chief Financial Officer, 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 & Community Relations Department	FY 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, Customer Service & Community Relations	3.4	\$ 1,137,605	4.0	\$ 562,993	4.0	\$ 595,953	-	\$ 32,960
Customer Care Division	57.5	5,220,319	60.0	6,190,646	75.0	7,269,183	15.0	1,078,537
Customer Service Performance & Productivity Division	7.0	691,759	12.0	1,642,095	7.0	801,607	(5.0)	(840,488)
Customer Engagement & Advocacy Division	7.0	985,183	7.0	963,120	8.0	2,119,394	1.0	1,156,274
Billing & Revenue Protection Division	44.3	5,928,148	44.0	7,056,037	54.0	10,978,641	10.0	3,922,604
Total	119.2	\$ 13,963,014	127.0	\$ 16,414,891	148.0	\$ 21,764,778	21.0	\$ 5,349,887

CUSTOMER SERVICE & COMMUNITY RELATIONS DEPARTMENT (Continued)

Explanation of Major Variances

The FY2025 Proposed budget reflects an increase of \$5.3 million or 32.6% over FY 2024 Approved Budget. The variance is comprised of \$3.3 million for Promise Pay (flexible payment options), \$1.1 million for call center support, \$0.5 million for the Water Fund and \$0.4 million for the CAP Leak Repair Program. The department also reflects an increase of 22 new workyears, the cost of which is offset by reduction in temporary services. These new workyears will allow the department to increase retention and improve customer service by converting contractors to permanent positions. Additionally, interdivisional workyear transfers are made to address operational needs.

Highlights

- Customer service optimization to improve performance in the Customer Call Center, through additional staffing and call center support to meet customer needs
- Continue funding for enhancements to financial assistance programs, including updates to the high bill adjustment policy, Customer Assistance Program and the Leak Repair Program
- Enhance payment plan support with self-service options and text messaging
- Expansion of the Pipe Emergency Replacement Program to include sewer service line repair or replacement, sewer line camera investigation or snaking, as well as increase the maximum loan amount to \$10,000
- Budget \$500,000 for the Water Fund to help customers in financial need pay their water and sewer bills

Accomplishments

- Billed 99.9% of customer accounts in a timely manner
- Conducted Get Current Temporary Amnesty Program, which provided bill credits and waived late fees to delinquent customers for full payments or 50% payment with completed payment plans
- Modernized ebill platform and improved customer experience by increasing allowed payments to \$100,000
- Delivered multiple robotic processes automations to improve customer experience through enhanced data quality
- Improved year over year call answer rate from 82.1% to 87.9% for the first half of FY 2024, while receiving 1.9% higher call volume
- Applied for State of Maryland Water Assistance Relief Program and distributed \$3.7 million grant to eligible customers
- Managed delinquencies through revenue recovery program in support of AAA credit rating, utilizing incident command structure to engage departments across WSSC Water, prioritize commercial accounts, ensure safety of employees, equitableness of turnoffs and timeliness of turnons

Equity and Environmental Justice

- WSSC Water recognizes needs of our community and works to waive late fees and avoid water service turnoffs. We provide robust customer engagement to connect with customers about financial assistance options. We continuously seek to enhance our customer financial assistance programs and further support vulnerable and hard-to-reach customers. Our focus is on reducing the barriers that prevent customers from accessing these programs.

CUSTOMER SERVICE & COMMUNITY RELATIONS DEPARTMENT (Continued)



OFFICE OF THE DIRECTOR, CUSTOMER SERVICE & COMMUNITY RELATIONS

The Director of Customer Service & Community Relations is responsible for creating and maintaining billing accounts, facilitating timely and accurate billing, addressing customers' requests as well as engaging with and advocating for customers.

Core Activities

Management and Administration – This activity involves the management and supervision of the Customer Care, Customer service Performance & Productivity, 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. This division also manages workforce scheduling, forecasting and resource allocation.

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 billing system 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 CARE DIVISION (Continued)

Core Activities (Continued)

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 billing system 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.

Workforce Management – This activity includes developing and managing strategies related to workforce optimization.

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 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 Target
Provide timely response to customer queries	Percentage of calls answered (non-emergency calls)	71.0% / 87.0%	80.5% / 90.0%	90.0%	95.0%
Reliable, consistent and timely billing	Accounts billed on-time	99.9% / 99.8%	99.9% / 99.9%	99.9%	99.9%

CUSTOMER SERVICE PERFORMANCE & PRODUCTIVITY DIVISION

The Customer Service Performance & Productivity Division provides centralized strategies and resources for the Customer Service Department, including quality assurance, training and coaching; documentation of processes and procedures and employee engagement and performance-based management.

Core Activities

Quality Assurance and Training – This activity includes developing and managing strategies related to 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.

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. This division is also responsible for innovative business process and customer service technology strategies for the enterprise.

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 billing system and investigating refund requests, which may result in customer account modifications.

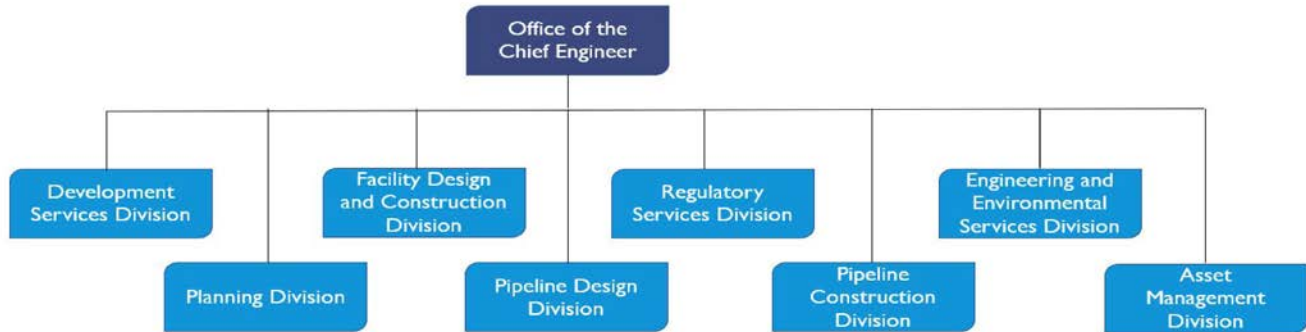
Monthly Bill Customer Account Inquiry – This activity determines appropriate actions to ensure that customers are billed accurately, particularly large users. The activity also ensures that malfunctioning meters which inaccurately measure consumption are properly identified, investigated and either repaired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

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

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 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Chief Engineer	1.0	\$ 233,339	2.0	\$ 12,001,372	3.0	\$ 9,582,948	1.0	\$ (2,418,424)
Development Services Division	48.8	5,573,546	50.0	5,841,886	50.0	6,161,350	-	319,464
Planning Division	12.1	38,984,409	16.0	85,430,502	10.0	80,028,914	(6.0)	(5,401,588)
Facility Design & Construction Division	26.0	170,957,444	30.0	182,045,098	32.0	218,940,296	2.0	36,895,198
Pipeline Design Division	37.5	19,918,135	44.0	36,206,244	52.0	39,925,010	8.0	3,718,766
Regulatory Services Division	72.7	7,289,673	78.0	7,778,006	81.0	8,345,379	3.0	567,373
Pipeline Construction Division	74.2	189,267,654	83.0	315,060,783	86.0	345,324,532	3.0	30,263,749
Engineering & Environmental Services Division	53.4	11,471,651	60.0	12,531,948	65.0	13,525,331	5.0	993,383
Asset Management Division	5.7	1,909,292	7.0	2,669,126	8.0	3,237,658	1.0	568,532
Total	331.4	\$ 445,605,143	370.0	\$ 659,564,965	387.0	\$ 725,071,418	17.0	\$ 65,506,453

ENGINEERING & CONSTRUCTION DEPARTMENT (Continued)

Explanation of Major Variances

The FY 2025 Proposed Budget for the E&C Department reflects an overall increase of 9.9% from the FY 2024 Approved Budget. The operating budget for the department decreased by \$0.4 million, a decrease of 0.7%. The decrease is associated with the increased capitalization of manholes and the capitalization of work related facility plans offset in part by an increase in outside engineering services required for new and expanded initiatives. The department's capital budget increased by \$65.9 million or 11.0%. This is due primarily by the annual update to the Capital Improvements Program (CIP) as discussed in Section 8.

Overall, seventeen new positions are added to the Engineering and Construction Department. The new positions are spread across five divisions: one to Office of the Chief Engineer, one to Facility Design & Construction Division, four to Pipeline Design Division, three to Regulatory Services Division, three to Pipeline Construction Division and five to Engineering & Environmental Services Division. Additionally, interdivisional workyear transfers are made to address operational needs.

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 construction during FY 2024. The Potomac solids handling building expansion is continuing construction in FY 2024 and have a projected completion date of fall 2024. The gravity thickener expansion construction began in FY 2023 and has a projected completion of July 2025. The sediment basin backwash improvements are currently under construction in FY 2024 and have a projected completion date of January 2026
- The Piscataway Bioenergy project construction started in FY 2020 and will continue in FY 2025 with a estimated completion date of December 2024.

Accomplishments

- The distribution and transmission main replacement programs completed 29.5 miles of rehabilitation in FY 2023 and is budgeted to rehabilitate/replace 32 miles of distribution mains and 5 miles of transmission mains in FY 2025.

Equity and Environmental Justice

- The E&C Department implements projects to advance the full WSSC Water Strategic Plan ensuring clean safe reliable water to all customers and returning clean water to our environment. The E&C department designs construction packages which includes smaller projects for bidding outside of larger IDIQ contracts and that are focused on filling gaps in any outstanding prioritized asset to be rehabilitated in Environmental Justice areas and underutilized contracting categories. Level of service key performance measures are measured per census tracts and are used identify areas in need of maintenance and/or rehabilitation efforts. We also strive to minimize contract spending disparities by continuing solicitations that are inclusive and allow for SLMBE and WBE participation.

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, and successful completion of projects 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 two-fold. 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. It is also responsible for developing new, and manage existing, regional cooperative agreements with adjoining jurisdictions and other agencies with whom WSSC Water shares resources, and providing 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.

PLANNING DIVISION (Continued)



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.

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).

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

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.

PIPELINE DESIGN DIVISION (Continued)

Goals, Objectives and Outcome Measures

Goal: Rehabilitate and/or replace deteriorating water and wastewater infrastructure Strategic Priority: Optimize Infrastructure

Objectives	Outcome Measure	FY 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 Target
Design the number of miles for the Water Reconstruction Program as planned	Miles of water mains designed	25.0 / 25.0	11.0 / 10.0*	22.0	25.0
Design the number of miles for the Sewer Reconstruction Program as planned	Miles of sewer mains designed	27.5 / 33.0	33.0 / 33.0	33.0	26.0

* 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 and state 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 – This activity plans, develops and maintains the technical aspects of WSSC Water’s Plumbing and Fuel Gas Code.

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 – Mechanical Engineering Review - This activity includes performing all plumbing and gas-fitting engineering design reviews and approvals.

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.

Goals, Objectives and Outcome Measures

Goal: Rehabilitate and/or replace deteriorating water and wastewater infrastructure and Strategic Priority: Optimize Infrastructure

Objectives	Outcome Measure	FY 2022 Actual / Target	FY 2023 Actual / Target**	FY 2024 Target**	FY 2025 Target**
Replace the number of miles for the Water Reconstruction Program as planned	Miles of water mains replaced	26.8 / 29	16.8 / 23.0*	25.0	30.0
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	27.5 / 42	33.7 / 42.0	25.0	26.0

*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.

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.

ENGINEERING & ENVIRONMENTAL SERVICES DIVISION (Continued)

Core Activities (Continued)

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.

Core Activities

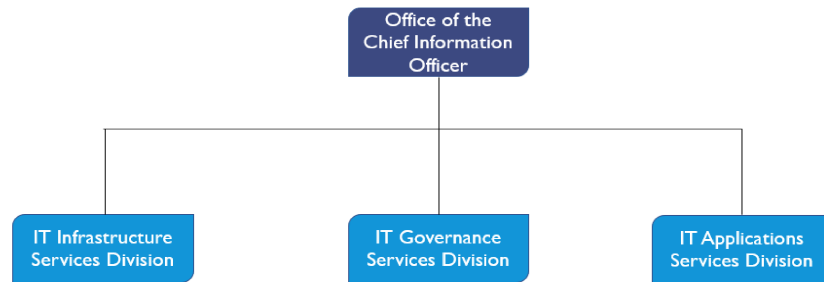
Asset Management Program – This activity involves the development and implementation of the WSSC Water Asset Management Program. The program includes the development of asset management plans, processes and procedures for all WSSC Water facility assets, water transmission and distribution assets, wastewater 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

Information Technology Department	FY 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Chief Information Officer	8.6	\$ 4,991,365	10.0	\$ 5,245,331	11.0	\$ 5,565,241	1.0	\$ 319,910
IT Infrastructure Services Division	28.1	17,441,705	35.0	20,569,463	37.0	29,198,483	2.0	8,629,020
IT Governance Services Division	16.1	5,705,008	19.0	7,546,011	21.0	6,242,331	2.0	(1,303,680)
IT Applications Services Division	33.8	25,374,597	39.0	27,731,057	44.0	28,828,473	5.0	1,097,416
Total	86.6	\$ 53,512,675	103.0	\$ 61,091,862	113.0	\$ 69,834,528	10.0	\$ 8,742,666

Explanation of Major Variances

The FY 2025 Proposed Budget reflects an increase of approximately 14.3% above the FY 2024 Approved Budget. The increase is primarily due to upgrades to systems that are at end-of-life and implementation of new technologies.

Overall, ten new positions are added to IT Department. The new positions are spread across four divisions: one to the Office of the Chief Information Officer, two to IT Infrastructure Services Division, two to IT Governance Services Division and five to IT Applications Services Division. The cost of these new positions are offset by reductions to consulting services.

Highlights

- Boil Water Advisory Alert: Water main break alerts displayed on an interactive map on the public website provide key information on impacts on water delivery in the communities
- Checkpoint firewall appliance upgrade will install the latest software release to stay up-to-date with the latest functional improvements, stability fixes, and security enhancements. These upgrades will ensure WSSC Water is protected against new and evolving attacks

INFORMATION TECHNOLOGY DEPARTMENT (Continued)

Accomplishments

- SnapComms Multi-Channel Communications: The SnapComms platform bypasses email to engage all employees directly on their device, wherever they are, whatever device they are using. From urgent notifications to awareness and behavioral change, SnapComms helps IT get employee attention and maximizes employee engagement
- Chevy Chase Flow Control Valve: Part of new System's Infrastructure roadmap. A new valve was installed out of Patuxent WFP to regulate water flow and give them remote access.
- Cohesity Implementation – Replacement of legacy enterprise backup system
- Oracle Exadata on-premises cloud service
- Dashboards – CIP, Strategic Initiatives, High Bill and Disputed Bill, Payment Profiles implemented
- Revenue Recovery Implementation including the PromisePay system: This important initiative improved customer experience, enhanced revenue, and allowed the Customer Service & Community Relations Department to increase overall visibility. The PromisePay system, integrating web applications, automation, and strategic planning, contributed to an improved customer experience
- Motor Pool Vehicle Reservation Kiosk Project (Key & Go): Streamlined the reservation process for WSSC Water vehicles, enhanced efficiency, generated savings by removing/recycling vehicles not in use

Equity and Environmental 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
- The IT Department is partnering with Bowie State University to help foster innovation and build a talent pipeline. The IT Department provides a foundation of expertise in information technology in the water sector to help Bowie State enhance its curriculum, while Bowie State provides access to a diversified talent pool for the IT Department as both interns and potential employees

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.

OFFICE OF THE CHIEF INFORMATION OFFICER (Continued)



Core Activities

Cyber Security Services – This activity is responsible for all assurance activities related to the availability, integrity and confidentiality of customer, business partner, employee and business information in compliance with WSSC Water's information security policies. Develops the strategic direction for WSSC Water's enterprise information technology security framework, and activities including Security Awareness and Training, Threat Analysis, Incident Response, and Audit.

IT Financial and Procurement Services – This activity is responsible for providing 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 systems and applications provided to WSSC Water and its stakeholders. This activity is also responsible for the procurement of IT software, hardware and professional services 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 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 Target
IT Invoices approved within IT to support net 30 payments	Percentage of IT invoices approved within 15 calendar days	96.0% / 95.0%	95.0% / 97.0%	98.0%	95.0%
Cyber Security Governance Risk and Compliance; using CIS 8.0 Controls	Ensure that the 18 security controls are implemented and reach close to 95 % compliance as applicable	80.0% / 95.0%	86.0% / 95.0%	95.0%	95.0%

IT INFRASTRUCTURE SERVICES DIVISION

The IT Infrastructure Services Division is responsible for the day-to-day leadership and direction of all operational work efforts. This includes data center and cloud-hosted operations; internet connectivity, voice, data, and video networks; two-way radio communications, Point-to-Point microwave communications, SCADA network; cellular tower leasing and maintenance, 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.

IT INFRASTRUCTURE SERVICES DIVISION (Continued)



Core Activities

IT Customer Support Operations – This activity supports WSSC Water’s information technology users through the IT Solution Center. The IT Solution Center is responsible for monitoring, maintaining and supporting all agency desktop, laptop, mobile workforce initiatives, and IT asset management and disposal.

Network Operations Center – This activity provides day-to-day oversight and management of WSSC Water’s data centers, mainframe operations, data network, IT power and cooling monitoring. This includes management of the mission-critical data centers.

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. This function is also responsible for maintenance and management support of uninterrupted power supplies, telephone and network cabling.

Telecommunications – This activity manages WSSC Water’s SCADA network, Point-to-Point microwave communications infrastructure, two-way radio communication and cellular tower leasing.

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 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 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 SERVICES DIVISION

The IT Governance Services 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 – This activity 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 – This activity assists WSSC Water's 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.

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 – This activity involves 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. This activity also includes working 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 SERVICES DIVISION

The IT Applications Services 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 Solutions – This activity supports the Customer Care Information System and the Billing System.

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

Billing System – This activity supports a collection of systems that comprise of the following sub-systems or applications: Customer to Meter (C2M), Operational Device Management (ODM), Mobile Workforce Management (MWM), and Service Oriented Architecture (SOA).

Data & Analytics Solutions – This activity supports hundreds of applications in variety of databases including mainframe, Oracle and SQL Server and provides support for Oracle E-Business Suite (EBS), ePermitting, GIS, and SCADA, as well as in-house custom-developed applications in various platforms. This function is also responsible for the implementation of the agency-wide strategic plan for reporting and advanced analytics, back-end data warehousing; and analytical support to business users to enable strategic use of information across WSSC Water.

IT APPLICATIONS SERVICES DIVISION (Continued)

Core Activities (Continued)

Work & Asset Management Solutions – This activity provides support for the operations and maintenance of enterprise software systems, which includes ePermitting, ProjectDox, TEAMS, EJ Ward, RIVA/RUMA, and Primavera P6. These systems manage asset lifecycles, streamline business operations, maximize productivity, promote real-time review, and support project management. This function also 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.

Financial & Administrative Solutions – This activity manages the Procurement and Logistics systems, Human Resource Management system and Enterprise Content Management (ECM). This includes support for all the Oracle EBS applications: procure-to-pay, general ledger, human resources, payroll, time and labor, advanced benefits, and self-service system; budget reporting system, retirement system, and several other applications. The ECM section maintains and supports the Commission's document management system, providing system-level design, security, capture, and user access to documents.

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 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 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%	99.0%
Ensure the availability of database to support the agency	Percentage of time that the databases are available	99.9% / 97.0%	99.9% / 97.0%	97.0%	99.0%

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 listed below.

Budget Summary

External Affairs	FY 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years*	Amount
Intergovernmental Relations Office	3.5	\$ 647,271	4.0	\$ 775,495	5.0	\$ 1,001,172	1.0	\$ 225,677
Communications Office	12.6	1,893,169	14.0	2,195,588	14.0	2,343,377	-	147,789
Office of Supplier Diversity & Inclusion	7.5	1,091,766	10.0	1,350,416	10.0	1,362,484	-	12,068
Procurement Office	22.4	2,573,811	31.0	3,454,267	37.0	4,087,865	6.0	633,598
Total	46.0	\$ 6,206,017	59.0	\$ 7,775,766	66.0	\$ 8,794,898	7.0	\$ 1,019,132

One new workyear is added to Intergovernmental Relations Office and six workyears are added to Procurement Office. Overall, increase in the FY 2025 Proposed Budget is due to salaries.

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 OFFICE

The Communications 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 Office's internal and external customers and enhance WSSC Water's image.

COMMUNICATIONS OFFICE (Continued)

Core Activities

Outreach – This activity provides organizational-wide support to positively position WSSC Water, its vital mission and dedicated employees through proactive, customer-focused communication and educational outreach efforts. The office also plays a significant role in communicating during crises and keeps Team H2O engaged and informed through a robust portfolio of internal communications tools.

External Communications – This activity informs our customers, improves relationships with the media and constituencies and enhances WSSC Water's image through a variety of proactive external communications strategies.

Internal Communications – This activity helps prepare staff presentations for monthly commission meetings and provide communications support to Commissioners for WSSC Water-related events. This activity also support the General Manager's communication efforts and keep employees informed about company news.

Website Content – This activity provides overall management and oversight of WSSC Water's web content focusing on user-friendly information for customers and stakeholders. This includes important customer-facing information such as emergency alerts, agendas/minutes, reports, public notices/hearings, news releases, photo galleries and events. Also recommends, drafts and edits content for our intranet, and assists other offices and divisions with their intranet content and training.



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.

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.

OFFICE OF SUPPLIER DIVERSITY & INCLUSION (Continued)



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 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Production Department	324.0	\$ 166,105,813	331.0	\$ 173,700,905	350.0	\$ 192,306,526	19.0	\$ 18,605,621
Utility Services Department	454.1	91,789,547	510.0	120,929,454	533.0	138,866,508	23.0	17,937,054
Innovation & Research Division	5.0	1,357,771	5.0	1,296,986	5.0	1,330,991	-	34,005
Total	783.1	\$ 259,253,131	846.0	\$ 295,927,345	888.0	\$ 332,504,025	42.0	\$ 36,576,680

Explanation regarding department variances can be found within the department's section.

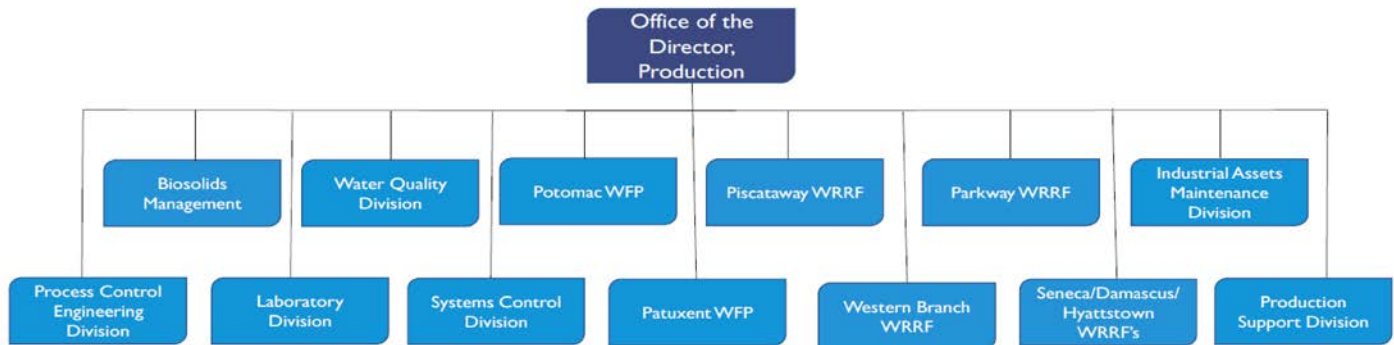
PRODUCTION DEPARTMENT

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 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, Production	4.2	\$ 664,879	5.0	\$ 1,437,414	5.0	\$ 722,849	-	\$ (714,565)
Biosolids Management Division	15.2	5,235,565	20.0	12,493,548	23.0	18,560,466	3.0	6,066,918
Laboratory Division	27.0	4,635,415	33.0	4,888,241	37.0	6,494,847	4.0	1,606,606
Water Quality Division	8.6	1,438,134	12.0	5,433,549	16.0	8,603,072	4.0	3,169,523
Systems Control Division	30.4	7,290,360	32.0	10,529,471	32.0	8,689,657	-	(1,839,814)
Potomac Division	32.7	12,993,724	35.0	13,712,754	35.0	14,745,985	-	1,033,231
Patuxent Division	26.8	5,390,475	25.0	5,992,602	25.0	7,544,432	-	1,551,830
Piscataway Division	22.9	7,875,104	23.0	8,127,402	23.0	7,389,536	-	(737,866)
Western Branch Division	26.3	9,371,511	29.0	12,755,150	29.0	8,957,497	-	(3,797,653)
Parkway Division	19.6	3,514,225	22.0	4,143,250	23.0	3,586,875	1.0	(556,375)
Seneca/Damascus/Hyattstown Division	32.8	8,019,773	32.0	7,601,906	34.0	6,391,688	2.0	(1,210,218)
Industrial Assets Maintenance Division*	54.2	18,409,806	36.0	10,437,037	37.0	11,453,321	1.0	1,016,284
Production Support Division	10.6	78,527,817	13.0	73,309,948	16.0	86,101,322	3.0	12,791,374
Process Control Engineering Division**	12.7	2,739,025	14.0	2,838,633	15.0	3,064,979	1.0	226,346
Total	324.0	\$ 166,105,813	331.0	\$ 173,700,905	350.0	\$ 192,306,526	19.0	\$ 18,605,621

* Formerly known as Facilities Maintenance Division. Part of the functions from this division were transferred to the newly formed Facility Services Division in the General Services Department in FY 2024

** Transferred from the Engineering & Construction Department to the Production Department in FY 2024

PRODUCTION DEPARTMENT (Continued)

Explanation of Major Variances

The FY 2025 Proposed Budget reflects an increase of approximately 10.7% over the FY 2024 Approved Budget. The primary drivers are chemical costs, lead service line replacements, outfitting the expanded laboratory and increased DC Water Blue Plains operation and maintenance costs.

Overall, the Production Department increased by nineteen workyears. This comprised of two new workyears for the Seneca/Damascus/Hyattstown Division, three new workyears to support the Biosolids Management Program, three new workyears for the Production Support Division, four new workyears for the Water Quality Division, four new workyears for the Laboratory Division and three more new workyears (one each for the Industrial Assets Maintenance Division, the Parkway Division and the Process Control Engineering Division).

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
- Water tank rehabilitation is underway for three elevated tanks
- Designing the dredging of Little Seneca Reservoir to remove sediment collected in the forebays

Accomplishments

- FY 2024 marked WSSC Water's 106th year without a drinking water violation
- Both Potomac and Patuxent WFPs earned the prestigious Partnership for Safe Water Presidents Award, the only two water filtration plants in Maryland to win the award
- All Six WRRFs earned National Association of Clean Water Agency Peak Performance Awards in 2023
- Western Branch obtained the Class B land application permit, allowing them to re-negotiate the cost of biosolids hauling and achieve significant cost savings

Equity and Environmental Justice

- Affordability - Enhanced Biological Phosphorous Removal (EBPR) at Piscataway WRRF & Ammonia Based Air Control (ABAC) at Seneca WRRF drives down chemical and electrical costs.
- Community Engagement - High school and college interns at Western Branch WRRF, Piscataway WRRF and the Consolidated Lab.

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, dewatering 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.



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.

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.

SYSTEMS CONTROL DIVISION (Continued)

Core Activities (Continued)

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.

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.

POTOMAC AND PATUXENT WFPs (Continued)

Activity Indicators

Workload Data	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Average daily filtered water to the distribution system (MGD)	161.2	157.7	162.0	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.

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.

PISCATAWAY, WESTERN BRANCH, PARKWAY, SENECA, DAMASCUS AND HYATTSTOWN WRRFs (Continued)

Activity Indicators

Workload Data	Wastewater Treated Flow (MGD)			
	FY 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Piscataway WRRF	24.2	22.0	26.8	27.4
Western Branch WRRF	21.9	21.6	23.6	24.8
Parkway WRRF	6.1	6.1	6.5	6.8
Seneca/Damascus/Hyattstown WRRFs	16.3	15.6	17.2	18.2



INDUSTRIAL ASSETS MAINTENANCE DIVISION

This division provides specialized maintenance services on industrial equipment for all WSSC Water facilities.

Core Activities

Maintenance Support Services – This activity provides maintenance support and services for all of the agency’s facilities. This activity includes specialized maintenance services such as in-house electrical, mechanical, instrumentation, welding, and metal fabrication, which are provided in the form of enhancements, repairs, replacements and preventative and predictive maintenance services.

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, project 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.

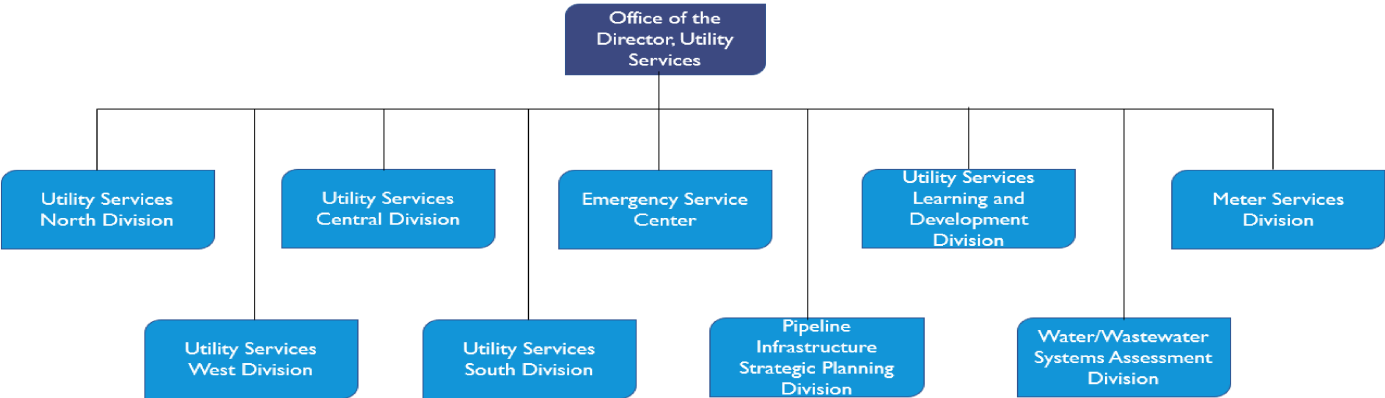
New Facility Support – This activity participates in design reviews to integrate, install and program new process control equipment for newly constructed facilities, including managing contractual agreements with vendors.

UTILITY SERVICES DEPARTMENT

The Utility Services Department is directly responsible for maintaining the distribution and collection systems including all 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 below.



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 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, Utility Services	9.7	\$ 7,295,121	10.0	\$ 19,948,404	10.0	\$ 25,984,510	-	\$ 6,036,106
Utility Services North Division	56.5	7,784,137	59.0	7,115,853	59.0	9,265,474	-	2,149,621
Utility Services West Division	49.7	7,337,296	60.0	8,214,987	61.0	9,188,602	1.0	973,615
Utility Services Central Division	58.5	8,625,151	60.0	9,029,332	60.0	9,160,144	-	130,812
Utility Services South Division	51.2	7,825,462	60.0	8,648,195	61.0	9,140,441	1.0	492,246
Emergency Service Center	19.6	1,516,898	19.0	1,848,534	24.0	1,798,530	5.0	(50,004)
Pipeline Infrastructure Strategic Planning Division	27.7	7,543,537	37.0	12,206,866	40.0	13,134,115	3.0	927,249
Utility Services Learning & Development Division	7.0	858,675	7.0	872,904	8.0	980,754	1.0	107,850
Water/Wastewater Systems Assessment Division	72.7	29,936,442	82.0	37,531,286	86.0	37,456,705	4.0	(74,581)
Meter Services Division	101.5	13,066,828	116.0	15,513,093	124.0	22,757,233	8.0	7,244,140
Total	454.1	\$ 91,789,547	510.0	\$ 120,929,454	533.0	\$ 138,866,508	23.0	\$ 17,937,054

Explanation of Major Variances

The FY 2025 Proposed Budget for the Utility Services Department reflects an overall increase of 14.8% from the FY 2024 Approved Budget. The increase is primarily capital with increases in system reconstruction project costs, plus the impact to both operating and capital budgets increases in fire flow testing, emergency repairs, and salaries and wages due to adding 23 permanent workyears to support operations.

The new positions are spread across seven divisions: one for the Utility Services West Division, one for the Utility Services South Division, five for the Emergency Service Center, three for the Pipeline Infrastructure Strategic Planning Division, one for the Utility Services Learning & Development Division, four for the Water/Wastewater Systems Assessment Division, and eight for the Meter Services Division. The additional positions increase efficiency and support for responses to emergencies, data analysis, training, scheduling and planning for both Counties.

Highlights

- Begin implementation of the Meter Infrastructure Replacement Program to upgrade outdated meters to state-of-the-art technology for improved accuracy. This initiative not only will enhance billing precision but will also empower customers with insights into their water consumption.
- Evaluate and enhance the Fire Hydrant Inspection Program, integrating GIS technology for digital inventory and optimizing inspection schedules based on risk assessment. These improvements ensure the reliability of hydrants, supporting emergency preparedness and enhancing community safety.
- Through a thorough evaluation of work shifts, Utility Services will optimize schedules, reducing fatigue and improving workforce responsiveness.

Accomplishments

- Fast tracked 24-inch PCCP main replacement on Clopper Rd and installed an insertion valve to reduce the number of impacted customers in case of another shut down.
- Implemented an automated key box to control the retrieval and returning of vehicle keys.
- Successfully completed all Consent Decree remedial measures.

UTILITY SERVICES DEPARTMENT (Continued)

Accomplishments (Continued)

- Completed Verona Drive urgent water main replacement to address discolored water experience by the customer and low chlorine levels in the area.

Equity and Environmental Justice

- The Utility Services Department is developing the Equity and Environmental Justice criteria to be incorporated into the Asset Management Program for evaluation of the water/wastewater improvement projects. In addition, the use of NO-DES trucks for flushing WSSC Water's distribution system eliminates discharge of water in to the environment.

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.



UTILITY SERVICES NORTH, WEST, CENTRAL AND SOUTH DIVISIONS (Continued)

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.

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 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 Target
Reduce service interruptions due to water main breaks	Number of breaks per 100 miles of water main	28 / 34	26 / 34	34	34

Emergency Response

During FY 2023, 22,747 emergency work orders were initiated in response to customer or system emergencies, a 2.8% decrease from FY 2022. 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 56% of emergency calls in less than 1 hour and to 86.3% in less than 2 hours with an average response time of 1.1 hours.

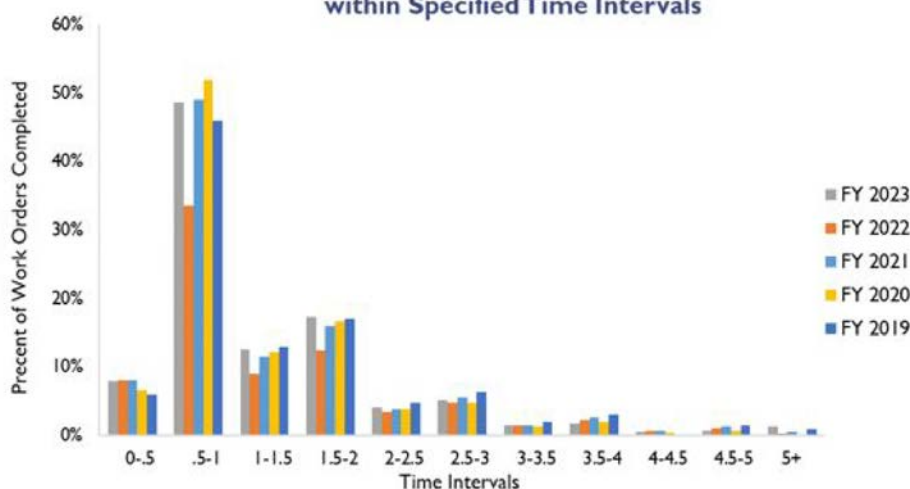
UTILITY SERVICES NORTH, WEST, CENTRAL AND SOUTH DIVISIONS (Continued)

Percentage of Emergency Responses within Specified Times



The following graph shows the distribution of emergency work order completion times in FY 2023. Most emergency work orders required less than 2-hours to complete.

Percent of Emergency Work Orders Completed within Specified Time Intervals

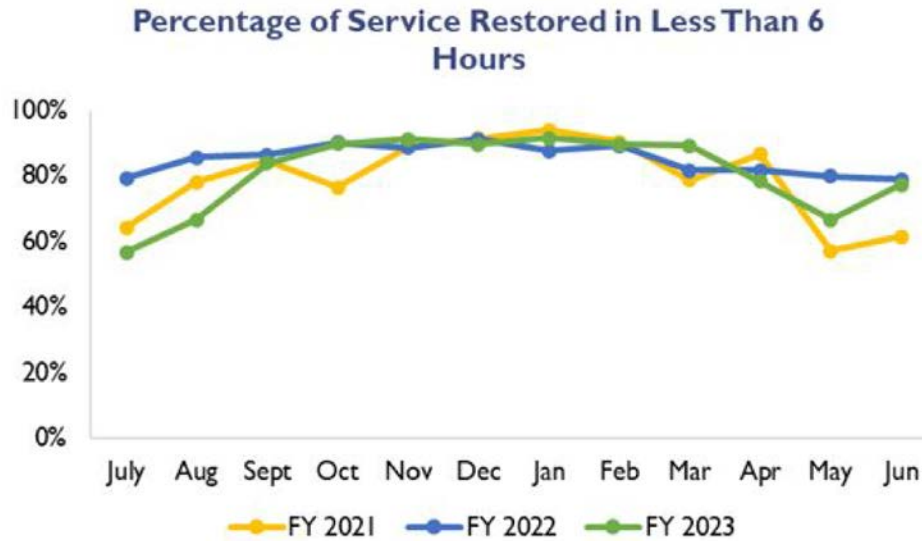


Restoration of Water Service

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 2023, more than 50,789 customers, or approximately 2.6% 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 2023, the average time customers were without water service was 4.2 hours, with 80.9% having water service restored within the targeted 6 hour goal.

FY 2025 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 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 2023, the agency was successful in preventing a second backup in 90.0% 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 2023, more than 659 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 & Community Outreach, Production, E&C and the Communications Office.

EMERGENCY SERVICE CENTER (Continued)

Core Activities

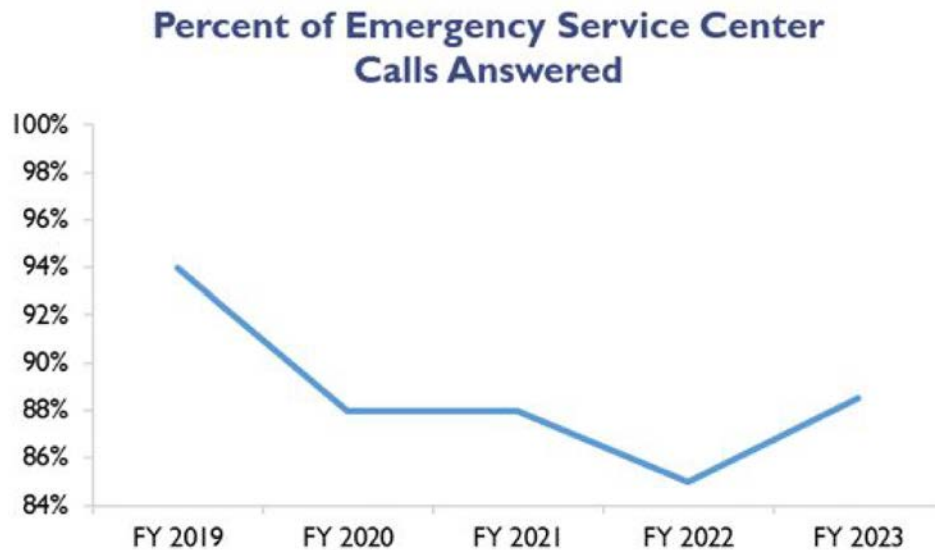
Radio Dispatching – This activity communicates with field inspectors and WSSC Water crews to investigate reports of emergencies and receive updates on field maintenance activities 24/7; updates maintenance records and arranges for resolution of problems; and operates base radio station equipment, dispatch 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 2023, WSSC Water answered 88.5% of customer calls for emergency maintenance assistance, as shown in the graph below. Transitional challenges were experienced while the Emergency Services Center was temporarily relocated to facilitate call center renovations. The temporary relocation contributed to network outages with the Wi-Fi, Operating system and the AvayaOneX phone system which were also significantly impacted by 10 large scale emergency events, contributing to lower call volumes answered. The goal continues to be a 95% 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' fingertips, thereby allowing representatives to provide consistent and knowledgeable responses.



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 and across the other departments that directly impact the linear infrastructure. The division is also involved in evaluating and tracking urgent assets and the prioritization of CIP projects/assets.

PIPELINE INFRASTRUCTURE STRATEGIC PLANNING DIVISION (Continued)

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 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 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	3.2 / 2.0	2.8 / 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.

WATER/WASTEWATER SYSTEMS ASSESSMENT DIVISION (Continued)

Core Activities (Continued)

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.

Goals, Objectives and Outcome Measures

Goal: Identify deteriorating infrastructure through inspection, Strategic Priority: Optimize Infrastructure testing and monitoring

Objectives	Outcome Measure	FY 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Target	FY 2025 Target
Inspect the number of PCCP miles as planned	Miles of PCCP inspection performed vs. planned	18.0 / 18.0	9.3 / 18.0	18.0	18.0
Install acoustical fiber optic line to monitor PCCP water transmission mains as planned	Miles of AFO line installed vs. planned	5.3 / 10.0	0 / 10.0	10.0	10.0

Activity Indicators

Workload Data	FY 2022 Actual / Target	FY 2023 Actual / Target	FY 2024 Approved	FY 2025 Proposed
Miles of sewer mains cleaned for preventive maintenance	615 / 650	605 / 650	650	650
Miles of mainline sewer televised for preventative maintenance program (WSSC Crews)	48 / 60	42 / 60	60	60
Miles of mainline sewer televised for proactive maintenance program (by contract)	116 / 200	135 / 200	200	150
Manholes inspected (by contract)	6,008 / 5,500	6,799 / 5,500	5,000	5,000

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.

METER SERVICES DIVISION (Continued)

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 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.

Mission Statement

The Office of Innovation and Research (OIR) finds, nurtures and implements employee ideas. Idea development may lead to the use of new technology, materials, and process improvements to reduce ongoing operational costs, improve efficiency, and increase the sustainability of the pipe networks and plants as well as lead to development of new products and revenue to benefit WSSC.

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 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years*	Amount
General Services Department	85.4	\$ 42,038,873	130.0	\$ 66,381,202	141.0	\$ 100,597,354	11.0	\$ 34,216,152
Police & Homeland Security Office	35.5	5,042,452	40.0	5,487,066	45.0	5,975,762	5.0	488,696
Occupational Safety & Health Division	8.4	2,492,068	9.0	3,150,665	10.0	3,505,317	1.0	354,652
Enterprise Risk Management	1.0	453,698	1.0	187,824	2.0	253,692	1.0	65,868
Total	130.3	\$ 50,027,091	180.0	\$ 75,206,757	198.0	\$ 110,332,125	18.0	\$ 35,125,368

* Five new workyears are added to Police & Homeland Security Office, one to Occupational Safety & Health Division and one to Enterprise Risk Management. Explanation regarding General Services Department variance can be found in that section.

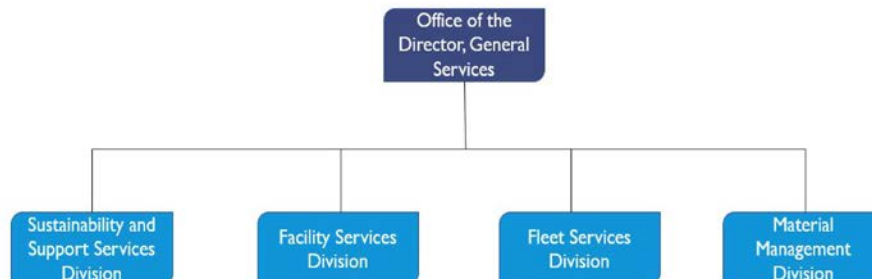
GENERAL SERVICES DEPARTMENT

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 strategically plan, lead and harmonize a spectrum of essential support services including overseeing the maintenance of the agency's buildings and grounds, guiding the planning, design and construction of critical support facilities, managing fleet, optimizing warehousing and inventory processes, ensuring the efficient operation of mail and messenger services, providing top-notch printing and reprographic solutions, driving property development initiatives, orchestrating space planning for optimal utilization and safeguarding the integrity of records management. Through dedicated coordination and strategic direction, we aim to enhance WSSC Water's operational excellence and fulfill our commitment to the communities we serve.

Budget Summary

General Services Department	FY 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, General Services	2.0	\$ 348,219	2.0	\$ 507,180	2.0	\$ 530,214	-	\$ 23,034
Sustainability & Support Services Division	17.0	28,285,173	27.0	40,133,419	30.0	68,322,294	3.0	28,188,875
Facility Services Division*	-	-	27.0	9,905,442	34.0	10,659,844	7.0	754,402
Fleet Services Division	40.3	9,840,133	46.0	12,420,830	46.0	17,456,472	-	5,035,642
Materials Management Division	26.1	3,565,348	28.0	3,414,331	29.0	3,628,530	1.0	214,199
Total	85.4	\$ 42,038,873	130.0	\$ 66,381,202	141.0	\$ 100,597,354	11.0	\$ 34,216,152

* Part of the functions in this division were transferred from the former Facilities Maintenance Division (current Industrial Assets Maintenance Division) in the Production Department in FY 2024

Explanation of Major Variances

The FY 2025 Proposed Budget increased by approximately 51.5% when compared to the FY 2024 Approved Budget. This rise is primarily attributed to increased funding allocated to enhancing the condition of our support facilities through necessary equipment maintenance and replacement coupled with space utilization enhancement. Furthermore, the budget expansion is attributed to increased funding for the replacement of outdated vehicles and equipment. Key factors contributing to this budgetary growth include crucial initiatives like the Support Center Building Upgrades and the Anacostia Depot reconfiguration projects, as well as anticipated escalations in fuel, fleet and equipment expenses.

Overall, the department increased by eleven workyears. This comprised of seven new workyears in the relatively new Facility Services Division, two new workyears in the Sustainability & Support Services Division and one new workyear in the Materials Management Division. An interdepartmental transfer was made to address the department's operational needs.

Highlights

- **Temple Hill Depot Construction:** Construction for the Temple Hill Depot is set to commence shortly, enhancing our operational capabilities
- **Progress on Anacostia Depot:** The design phase for the Anacostia Depot is well underway, with construction slated to begin in FY 2025
- **Enterprise Document Management:** The implementation of Enterprise Document Management (EDM) is making significant progress, yielding positive results
- **Advanced Fuel Management:** We are implementing an advanced fuel management system to enhance efficiency and cost-effectiveness
- **Greenhouse Gas Reduction Initiatives:** We are actively pursuing initiatives aimed at significantly reducing greenhouse gas emissions

GENERAL SERVICES DEPARTMENT (Continued)

Highlights (Continued)

- **Micro-Grid Feasibility Study:** Completed a feasibility study for a microgrid at the Potomac Water Filtration Plant and submitted a grant application for preliminary engineering to the Maryland Energy Administration
- **Warehouse Document Management System:** Implemented a warehouse document management system to electronically store and efficiently search for critical documents
- **5-Year Vehicle Replacement Plan:** Implementing a comprehensive plan for the systematic replacement of vehicles

Accomplishments

- **Successful Department Restructuring:** On July 1, we completed the restructuring of the Production and General Services Departments, leading to the establishment of the Facility Services Division. As a result, all maintenance responsibilities for our buildings and grounds, including both minor and major renovations, are now consolidated within the General Services Department
- **Expanding Electric Fleet:** We have added six new electric vans to our fleet, contributing to our commitment to sustainability
- **Efficient Carpool System:** We have successfully implemented the Key&Go carpool system across all depots and the Support Center. This initiative aims to eliminate underutilized assigned vehicles by reducing the fleet size
- **GPS Upgrade:** Upgraded GPS modules in all vehicles to 4G connectivity, eliminating fueling errors and associated hardware costs
- **Natural Gas Supply Agreement:** We have successfully negotiated and signed a contract with the Montgomery County Government to supply natural gas and renewable natural gas for use in their facilities and bus fleet
- **Efficient Shop Floor Transformation:** Successfully executed a comprehensive renovation project at Laurel Garage, employing streamlined processes to eliminate waste and enhance workforce efficiency
- **Emergency Service Center Revitalization:** Accomplished the renovation of our Emergency Service Center, ensuring it is well-equipped and optimized for critical operations
- **Enhanced Garage Facilities:** Installed a state-of-the-art 12,000-pound above-ground lift at Gaithersburg Garage and portable column lifts at Anacostia Equipment Shop, bolstering our maintenance capabilities
- **Lease Termination:** Successfully terminated a costly lease for the storage of building partitions and other materials, resulting in significant savings
- **Piscataway WRRF Control Building Remodel:** The control building at the Piscataway WRRF has been remodeled with new modular furniture and locker facilities, eliminating code violations and greatly improving working conditions

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 four divisions in this department.

General and Administrative operations - This activity involves overseeing and directing four divisions dedicated to the management, maintenance and operation of all WSSC Water buildings and grounds. Additionally, it entails the planning, design and construction management of support facilities critical to WSSC Water's operations. Furthermore, these responsibilities extend to efficient real estate management and the provision of essential services such as printing, mailing, vending and cafeteria facilities, along with records archiving and document management. This activity also encompasses the oversight and direction of the agency's fleet of vehicles and equipment, as well as the associated infrastructure. This includes managing the Material Management Division, responsible for warehousing and inventory management, ensuring the timely provision of materials essential for the maintenance, repair and operation of WSSC Water's infrastructure systems and facilities.

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.

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.



FACILITY SERVICES DIVISION

This division is responsible for all building and ground's related maintenance responsibilities for all WSSC Water facilities including WSSC Water Support Center, lab, depots, plants and pump stations.

Core Activities

Maintenance Support Services – This activity provides operational support and maintenance services for all the agency's facilities and properties. This activity includes specialized maintenance services such as building automation, carpentry, electrical, grounds, HVAC, plumbing, mechanical and stormwater which are provided in the form of enhancements, repairs, replacements and preventative and predictive maintenance services.

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.



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 2022 Actual	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed
Equipment fleet managed (pieces of equipment)	664	682	670	680
Vehicle fleet managed (number of vehicles)	933	951	930	969
Scheduled preventative maintenance completed on vehicles and equipment	3,061	3,839	3,400	4,000
Other (non-preventative maintenance) vehicle and equipment repairs	6,781	9,513	6,800	9,550

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 emergency management, Police services, and Security services Commission-wide. AS part of those responsibilities, this 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. The Office oversees emergency planning efforts, supports the entire emergency management cycle, and organizes and manages emergencies when required.



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.

POLICE & HOMELAND SECURITY OFFICE (Continued)

Core Activities (Continued)

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 Health and Safety Office 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. This includes safety inspections, accident investigations, training, regulatory enforcement, as well as the administration of health programs. In addition, the office is responsible for the administering of the worker's compensation programs.

Mission Statement

To properly administer the occupational health and safe programs to the WSSC Water community and ensure there exists a safe work environment for all.

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

Embedded in a cross-functional collaborative approach, Enterprise Risk spearheads the process of identifying, assessing, mitigating, monitoring and reporting WSSC Water's risks and opportunities

Mission Statement

Enterprise Risk promotes and supports WSSC Water's strategic risk vision by providing a holistic, transparent, and independent risk portfolio

Core Activities

Risk Management Program – The program identifies, assesses, responds, monitors and reports risks and opportunities through regular: risk management training, risk workshops, risk registers, enterprise risk report and a quarterly report is issued.

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 2023 Actual		FY 2024 Approved		FY 2025 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Human Resources Non-Departmental	-	\$ 30,178,351	-	\$ 32,624,782	-	\$ 34,077,175	-	\$ 1,452,393
Finance Non-Departmental								
Debt Service	-	307,558,197	-	333,201,310	-	365,448,999	-	32,247,689
PAYGO	-	31,015,998	-	44,000,000	-	50,601,000	-	6,601,000
Other (Social Security, Retirement, etc.)	-	43,605,145	-	59,818,218	-	61,427,738	-	1,609,520
Retirement Trust Chargeback	-	(1,673,547)	-	(1,632,330)	-	(1,771,610)	-	(139,280)
Total	-	\$ 410,684,144	-	\$ 468,011,980	-	\$ 509,783,302	-	\$ 41,771,322

Explanation of Major Variances

The FY 2025 Proposed Budget reflects an overall increase of 8.9% from the FY 2024 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 health and group life insurance costs resulting from 127 new workyears.

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	Department of Public Works Howard County
2	National Institutes of Health
3	University of Maryland
4	U.S. Navy Walter Reed
5	Joint Base Andrews
6	National Institute of Standards and Technology (NIST)
7	Leisure World
8	Gaylord
9	General Services Administration (GSA)
10	Franklin Park Apartments
11	Southern Management Corp
12	Bowie State University
13	Pepsi Cola
14	MGM Resorts
15	Prince George's County Central Services
16	Coca Cola Bottling Company
17	MedImmune LLC
18	Charles County Government
19	Enclave Holding LLC
20	Advanced Conservation Technology

Based on FY 2023 data

ACTIVE CUSTOMER ACCOUNTS

WSSC Water Active Customer Accounts for Montgomery and Prince George's Counties as of the end of the fiscal year.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Customer Accounts Both Counties	460,825	463,755	466,884	468,929	471,575
Percent Change (%)	0.2%	0.6%	0.7%	0.4%	0.6%

By Type of Customer*					
Residential	440,087	442,536	445,503	442,968	446,754
Percent Change (%)	0.0%	0.6%	0.7%	-0.6%	0.9%
Commerical and Industrial	16,852	17,455	17,402	21,843	21,983
Percent Change (%)	-0.4%	3.6%	-0.3%	25.5%	0.6%
Government and Other	3,886	3,764	3,979	4,118	2,838
Percent Change (%)	30.1%	-3.1%	5.7%	3.5%	-31.1%

By Type of Property*					
Single-Family Residence	341,093	341,776	343,414	343,851	345,386
Townhouse	91,244	92,883	94,823	96,209	98,433
General Commercial	16,844	17,446	16,050	13,202	16,901
Garden Apartment	3,890	3,861	3,978	3,977	3,992
Multi-Unit (Individually Metered)	2,619	2,615	2,626	2,624	2,625
High-Rise Apartment	442	426	468	473	481
Other	4,693	4,748	5,525	8,593	3,757
	460,825	463,755	466,884	468,929	471,575

* 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 Maryland Department of Commerce.

Brief Economic Facts

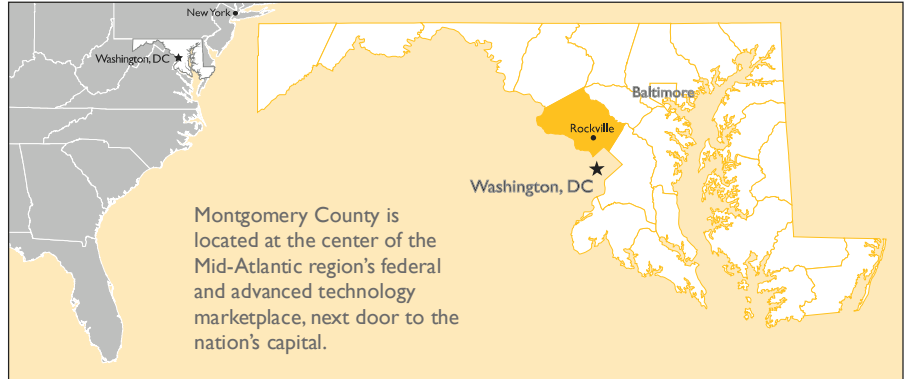
MONTGOMERY COUNTY, MARYLAND

Montgomery County is Maryland's most populous jurisdiction and is one of its most affluent. It has a stable and significant office market, and is a major economic engine for the state. It is home to an array of groundbreaking 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 Howard Hughes Medical Institute, the Henry M. Jackson Foundation, the Universities at Shady Grove and Montgomery College, the #10 community college in the nation (WalletHub, 2022).

Montgomery County's private sector industries generate \$85.1 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 Healthcare, Choice Hotels, Emergent BioSolutions, GEICO, Giant Food, HMSHost, Kaiser Permanente, Lockheed Martin, Marriott Intl., AstraZeneca, Supernus, Verizon, WeddingWire/The Knot, MilliporeSigma, GSK, and Leidos.

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 GEOGRAPHY¹

Yearly Precipitation (inches)	43.5
Yearly Snowfall (inches)	24.9
Summer Temperature (°F)	78.0
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^{2,3}

	Montgomery County Households	Montgomery County Population	Maryland portion of Washington DC metro*	Maryland
2010	357,075	971,777	2,036,172	5,773,552
2020	386,600	1,061,200	2,468,200	6,074,750
2030**	416,500	1,118,000	2,661,000	6,413,690

*Frederick, Montgomery and Prince George's counties

**Projections

Selected places population (2020): Germantown 91,249; Silver Spring 81,015; Rockville 67,117; Bethesda 68,056; Gaithersburg 69,657; Aspen Hill 51,063; Wheaton 52,150

POPULATION DISTRIBUTION^{2,3} (2022)

Age	Number	Percent
Under 5	59,728	5.7%
5 - 19	199,802	18.9%
20 - 44	332,864	31.7%
45 - 64	278,793	26.5%
65 and over	181,344	17.2%
Total	1,052,521	100.0%
Median Age		40.3 Years

Brief Economic Facts MONTGOMERY COUNTY, MARYLAND

LABOR AVAILABILITY^{3,4,5} (BY PLACE OF RESIDENCE)

Civilian Labor Force (2022 avg.)	County	Labor Mkt. Area*
Total civilian labor force	546,813	1,179,460
Employment	530,944	1,142,021
Unemployment	15,869	37,439
Unemployment rate	2.9%	3.2%
Residents commuting outside the county to work (2018-2022)		Percent 9.7%
Employment in selected occupations (2018-2022)		
Management, business, science and arts	330,660	59.0%
Service	80,144	14.3%
Sales and office	85,065	15.2%
Production, transp. and material moving	31,508	5.6%

*Frederick, Montgomery and Prince George's counties

MAJOR EMPLOYERS^{6,7} (2021-2022)

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

EMPLOYMENT⁴ (2022)

Industry	Estab-lishments	Annual Avg. Empl.	Empl. %	Avg. Wkly. Wage
Federal government	129	50,186	11.0%	\$2,573
State government	13	1,296	0.3%	1,155
Local government	254	42,205	9.3%	1,388
Private sector	33,861	361,420	79.4%	1,648
Natural resources and mining	63	380	0.1%	855
Construction	2,447	21,962	4.8%	1,611
Manufacturing	498	13,695	3.0%	2,983
Trade, transportation and utilities	3,687	54,967	12.1%	1,132
Information	852	9,167	2.0%	2,512
Financial activities	3,288	25,966	5.7%	2,746
Professional and business services	9,403	102,928	22.6%	2,122
Education and health services	4,671	75,135	16.5%	1,286
Leisure and hospitality	2,371	38,060	8.4%	643
Other services	6,581	19,159	4.2%	1,201
Total	34,256	455,107	100%	1,725

Includes civilian employment only

HOURLY WAGE RATES⁴ (2022)

Selected Occupations	Median	Entry	Skilled
Accountants and Auditors	\$40.04	\$25.82	\$54.71
Aerospace Engineers	\$66.76	\$47.65	\$81.61
Assemblers and Fabricators	\$22.13	\$16.62	\$26.80
Biological Technicians	\$29.87	\$22.35	35.94
Bookkeeping Clerks	\$25.53	\$18.60	\$29.88
Computer Hardware Engineers	\$59.05	\$42.71	\$70.58
Network Support Specialists	\$40.98	\$28.41	\$52.61
Computer Systems Analysts	\$52.31	\$34.12	\$66.64
Computer User Support Specialists	\$29.34	\$21.33	\$36.88
Customer Service Representatives	\$19.73	\$15.21	\$24.84
Electrical Engineers	\$53.77	\$40.43	\$68.88
Electronics Engineers, Not Computer	\$63.35	\$42.74	\$72.92
Industrial Truck Operators	\$21.18	\$18.85	\$25.85
Information Security Analysts	\$65.15	\$41.26	\$80.37
Inspectors, Testers, Sorters	\$28.45	\$19.24	\$34.71
Laborers and Freight, Hand	\$16.99	\$14.97	\$20.04
Machinists	\$28.71	\$20.74	\$33.16
Maintenance Workers, Machinery	\$28.80	\$18.63	\$34.49
Mechanical Engineers	\$58.76	\$39.98	\$68.40
Packaging Operators and Tenders	\$18.38	\$15.86	\$22.67
Packers and Packers, Hand	\$17.51	\$14.18	\$20.35
Secretaries and Admin Assistants	\$23.16	\$16.81	\$29.64
Shipping, Receiving Clerks	\$18.92	\$15.56	\$23.13
Stockers and Order Fillers	\$16.73	\$14.06	\$19.40

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^{3,8}

Educational Attainment - age 25 & over (2018-2022)

High school graduate or higher	91.3%
Bachelor's degree or higher	60.0%

Public Schools

Number: 136 elementary; 40 middle; 25 high, 5 spec, 1 tech
Enrollment: 158,231
Cost per pupil: \$19,736
Students per teacher: 13.6
High school career / tech enrollment: 6,016
High school graduates: 11,578

Nonpublic Schools Number: 315

Higher Education (2023)	Enrollment	Degrees
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2-year institution

Montgomery College	17,780	3,
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Major 4-year institutions

Uniformed Services University of the Health Sciences	6,017	1,367
Washington Adventist University	785	274

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 RATES⁹

	Montgomery Co.	Maryland
Corporate Income Tax (2023)	none	8.25%
Base – federal taxable income		
Personal Income Tax (2023)	3.20%	2.0-5.75%
Base – federal adjusted gross income		
*Graduated rate peaking at 5.75% on taxable income over \$300,000		
Sales & Use Tax (2023)	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		
Real Property Tax (2023)	\$0.6940	\$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		
Business Personal Prop. Tax (2023)	\$1.7945	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		
Major Tax Credits Available		
Enterprise Zone, Job Creation, More Jobs for Marylanders, R&D, New Jobs, Biotechnology and Cybersecurity Investment, A&E District		

INCOME³ (2018-2022)

Distribution	Percent Households		
	Montgomery County	Maryland	U.S.
Under \$25,000	8.7%	12.3%	16.0%
\$25,000 - \$49,999	10.5%	13.8%	18.0%
\$50,000 - \$74,999	12.0%	13.5%	16.2%
\$75,000 - \$99,999	11.5%	12.5%	12.8%
\$100,000 - \$149,999	17.9%	18.7%	16.9%
\$150,000 - \$199,999	11.9%	11.6%	8.7%
\$200,000 and over	27.4%	17.5%	11.5%
Median household	\$118,323	\$94,991	\$74,755
Average household	\$164,430	\$125,876	\$105,555
Per Capita	\$62,317	\$49,236	\$41,804
Total income (millions)	\$66,603	\$300,526	\$13,307,055

HOUSING^{3,10}

Occupied Units 2018-2022 391,297 (65.82% owner occupied)

Housing Transactions

Units Sold	12,074
Median Selling Price	\$555,000

*All multiple listed properties excludes auctions and FSBO

BUSINESS AND INDUSTRIAL PROPERTY⁶

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. VivaWhite 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 (2021)	Average
Rental Rates – per square foot	
Warehouse / Industrial	\$13.00
Flex / R&D / Technology	\$18.16
Class A Office	\$33.01

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 totaling 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

GOVERNMENT¹¹

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

Evan Glass President, County Council 240.777.7964

Website: www.montgomerycountymd.gov

County Bond Rating: AAA (S&P); Aaa (Moody’s); AAA (Fitch)

Montgomery County Economic Development Corporation

Bill Tompkins, President and CEO

1801 Rockville Pike, Suite 320 Rockville, Maryland 20852

Telephone: 240.641.6700

Email: connect@thinkmoco.com

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

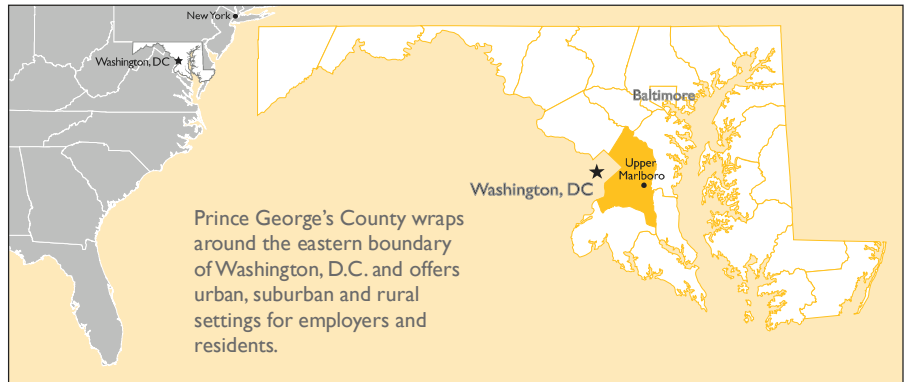
Brief Economic Facts

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 \$38.5 billion in economic output. Woodmore Towne Centre and National Harbor are stellar, high-quality mixed-use developments, plus the Towne Square at Suitland Federal Center currently under construction.

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. 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 and expansion of the country's leading quantum computing company (IonQ) and the federal government decision to bring two additional agencies to the county - Bureau of Labor Statistics headquarters and Bureau of Engraving and Printing currency production facility. The county's healthcare sector is also growing, led by UM Capital Region Medical Center that opened in 2021.

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 GEOGRAPHY¹

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^{2,3}

	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 (2020): Bowie 57,644; Clinton 38,760; Chillum 36,039; College Park 34,740; South Laurel 29,602; Suitland 25,839; Laurel 30,060

POPULATION DISTRIBUTION^{2,3} (2022)

Age	Number	Percent
Under 5yrs	60,325	5.9%
5 - 19 yrs	178,270	19.3%
20 - 44 yrs	327,570	31.8%
45 - 64 yrs	255,990	26.9%
65 and over	135,034	16.1%
Total	957,767	100.0%
Median Age	38.2 Years	

Brief Economic Facts PRINCE GEORGE'S COUNTY, MARYLAND

LABOR AVAILABILITY^{3,4,5} (BY PLACE OF RESIDENCE)

Civilian Labor Force (2022 avg.)	County	Labor Mkt. Area*
Total civilian labor force	496,637	1,179,460
Employment	479,080	1,142,021
Unemployment	17,557	37,439
Unemployment rate	3.5%	3.2%
Residents commuting outside the county to work (2018-2022)		Percent 17.2%
Employment in selected occupations (2018-2022)		
Management, business, science and arts	212,277	42.4%
Service	94,712	18.9%
Sales and office	92,353	18.4%
Production, transp. and material moving	48,068	9.6%

*Frederick, Montgomery and Prince George's counties

MAJOR EMPLOYERS^{6,7} (2022-2023)

Employer	Product/Service	Employment
University System of Maryland	Higher education	20,250
Joint Base Andrews Naval Air Facility Washington**	Federal Military installation	11,650
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

EMPLOYMENT⁴ (2022)

Industry	Estab-lishments	Annual Avg. Empl.	Empl. %	Avg. Wkly. Wage
Federal Government	141	29,992	9.6%	\$2,370
State Government	15	22,686	7.3%	1,144
Local Government	296	40,198	12.9%	1,490
Private Sector	16,779	218,951	70.2%	1,168
Natural resources and mining	23	126	0.0%	1,034
Construction	1,874	27,772	8.9%	1,547
Manufacturing	325	6,521	2.1%	1,285
Trade, Transportation, and utilities	3,382	58,758	18.8%	948
Information	263	2,621	0.8%	1,811
Financial activities	1,347	10,379	3.3%	1,368
Professional and business services	3,774	39,721	12.7%	1,582
Education and health services	2,458	31,837	10.2%	1,236
Leisure and hospitality	1,661	32,505	10.4%	589
Other Services	1,673	8,712	2.8%	945
Total	17,231	311,827	100.0%	1,323

Includes civilian employment only

HOURLY WAGE RATES⁴ (2022)

Selected Occupations	Median	Entry	Skilled
Accountants and Auditors	\$40.03	\$26.27	\$53.46
Aerospace Engineers	\$73.76	\$49.26	\$79.18
Assemblers and Fabricators	\$21.28	\$16.89	\$26.12
Biological Technicians	\$29.78	\$19.99	\$33.62
Bookkeeping Clerks	\$25.22	\$18.38	\$29.88
Computer Hardware Engineers	\$70.80	\$49.51	\$78.09
Network Support Specialists	\$38.68	\$26.70	\$47.86
Computer Systems Analysts	\$49.09	\$32.63	\$60.81
Computer User Support Specialists	\$29.17	\$21.77	\$35.29
Customer Service Representatives	\$19.01	\$14.48	\$23.71
Electrical Engineers	\$51.92	\$34.93	\$66.43
Electronics Engineers, not Computer	\$66.76	\$48.52	\$77.44
Industrial Truck Operators	\$21.38	\$18.98	\$25.79
Information Security Analysts	\$64.16	\$40.52	\$77.82
Inspectors, Testers, Sorters	\$21.04	\$14.97	\$30.38
Laborers and Freight, Hand	\$16.90	\$14.77	\$20.26
Machinists	\$28.74	\$21.53	\$34.62
Maintenance Workers, Machinery	\$27.61	\$18.68	\$32.40
Mechanical Engineers	\$51.53	\$35.80	\$64.91
Packaging Operators and Tenders	\$18.69	\$13.45	\$23.30
Packers and Packers, Hand	\$16.86	\$13.67	\$19.67
Secretaries and Admin Assistants	\$23.13	\$16.99	\$30.14
Shipping, Receiving Clerks	\$19.31	\$15.27	\$23.27
Stockers and Order Fillers	\$16.77	\$14.01	\$19.60
Telemarketers	\$15.25	\$14.51	\$19.72

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^{3,8}

Educational Attainment - age 25 & over (2018-2022)

High school graduate or higher	87.1%
Bachelor's degree or higher	35.6%

Public Schools

Number: 120 elementary; 37 middle/combine; 24 high; 9 charter
Enrollment: 131,143
Cost per pupil: \$18,270
Students per teacher: 13.8
High school career / tech enrollment: 13,964
High school graduates: 8,090

Nonpublic Schools Number: 100

Higher Education (2022)

	Enrollment	Degrees
2-year institution		
Prince George's Community College	10,244	1,600
4-year institutions		
Bowie State University	6,275	1,070
Capitol Technology University	834	193
University of Maryland, College Park	40,792	11,731
University of Maryland Global Campus	55,838	14,983

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 RATES⁹

	Prince George's County	Maryland
Corporate Income Tax (2023)	none	8.25%
Base – federal taxable income		
Personal Income Tax (2023)	3.20%	2.0-5.75%
Base – federal adjusted gross income		
*Graduated rate peaking at 5.75% on taxable income over \$300,000		
Sales & Use Tax (2023)	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		
Real Property Tax (2023)	\$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		
Business Personal Prop. Tax (2023)	\$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		

Major Tax Credits Available

Enterprise Zone, Job Creation, More Jobs for Marylanders, R&D, New Jobs, Biotechnology and Cybersecurity Investment, A&E District, High Technology Facilities Tax Credit

INCOME³ (2018-2022)

Distribution	Percent Households		
	Prince George's Co.	Maryland	U.S.
Under \$25,000	10.1	11.6	15.7
\$25,000 - \$49,999	12.5	13.3	18.1
\$50,000 - \$74,999	14.8	13.6	16.1
\$75,000 - \$99,999	13.8	12.3	12.8
\$100,000 - \$149,999	21.5	19.3	17.1
\$150,000 - \$199,999	12.4	12.1	8.8
\$200,000 and over	14.9	17.9	11.4
Median household	\$97,935	\$98,461	\$75,149
Average household	\$118,777	\$129,642	\$105,833
Per Capita	\$43,833	\$49,865	\$41,261
Total income (millions)	\$40,510	\$300,526	\$13,307,055

HOUSING^{3,10}

Occupied Units (2018-2022) 341,057 (62.4% owner occupied)

Housing Transactions

Units Sold	10,216
Median Selling Price	\$400,000

*All multiple listed properties excludes auctions and FSBO

BUSINESS AND INDUSTRIAL PROPERTY⁶

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, Lanham, 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, Prince George's County Innovation Station Business Incubator, Univ. of MD Technology Advancement Prog., Quantum Startup Foundry

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, Silver, 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, car and WMATA Silver Metro rail line.

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 Commanders), 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 (Hyattsville-North Brentwood-Brentwood-Mount Rainier)

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

Thomas E. Dernoga, Chair, County Council 301.952.3700

Website: www.princegeorgescountymd.gov

Bond Rating: AAA (S&P); Aaa (Moody's); AAA (Fitch)

Prince George's County Economic Development Corporation

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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

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

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.

APPENDIX B - GLOSSARY

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	(Also referred to as MOU) 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; grants; and fees charged for the use of recreational facilities in WSSC Water's watershed areas.

APPENDIX B - GLOSSARY

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.

APPENDIX B - GLOSSARY

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 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.

APPENDIX B - GLOSSARY

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.

APPENDIX B - GLOSSARY

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.

APPENDIX B - GLOSSARY

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.

APPENDIX B - GLOSSARY

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

AFO	Acoustic Fiber Optic	GIS	Geographic Information System
AL	Action level	GPD	Gallons per Day
AMF	Account Maintenance Fee	GPS	Global Positioning System
AMI	Advanced Metering Infrastructure	GRR	Galvanized Requiring Replacement
C2M	Customer-to-Meter	HAA	Haloacetic Acid
CAP	Customer Assistance Program	H/C	House Connection
CEO	Chief Executive Officer	HVAC	Heating, ventilating & air conditioning
CLF	Consolidated Lab Facility	ICPRB	Interstate Commission on the Potomac River Basin
CIP	Capital Improvements Program	IIF	Infrastructure Investment Fee
CIU	Categorical Industrial User	IMA	Blue Plains Intermunicipal Agreement
COOP	Continuity of Operations Plans	IT	Information Technology
CPI-W	Consumer Price Index for Urban Wage Earners & Clerical Workers	LCRR	Lead and Copper Rule Revisions
CSO	Combined Sewer Overflows	LSL	Lead Service Line
DC Water	District of Columbia Water and Sewer Authority	M	Million
DRP-DR	Developer Relocation/Rehabilitation Review	MBE	Minority Business Enterprise
DSCR	Debt Service Coverage Ratio	MDE	Maryland Department of the Environment
DSD	Development Services Division	MGD	Million Gallons per Day
DWRLF	Drinking Water Revolving Loan Fund	M-NCPPC	Maryland-National Capital Park and Planning Commission
E&C	Engineering & Construction Department	MOU	Memorandum of Understanding
EBS	E-Business Suite	MVR	Meter, Vertical Turbine
EEJ	Equity and Environmental Justice	MWCOG	Metropolitan Washington Council of Governments
EGIS	Enterprise Geographic Information System	MWIFA	Maryland Water Infrastructure Financing Administration
EPA	Environmental Protection Agency	NTU	Nephelometric Turbidity Units
FEMA	Federal Emergency Management Agency	OHEP	Maryland Office of Home Energy Programs
FFBC	Front Foot Benefit Charge	OIG	Office of the Inspector General
FICA	Social Security & Medicare	OPEB	Other Post-Employment Benefits
FM	Force Main	OSHA	Occupational Safety & Health Administration
FOG	Fats, Oils, and Grease	OSDI	Office of Supplier Diversity & Inclusion
FOMC	Federal Open Market Committee	PAYGO	“Pay-As-You-GO” Financing
FSE	Food Service Establishment	PCCP	Pre-stressed Concrete Cylinder Pipe
FTE	Full Time Equivalent = Workyear	PFAS	Per- and Polyfluoroalkyl substances
FY	Fiscal Year	PPB	Parts per billion
GAAP	Generally Accepted Accounting Principles	REDO	Reconstruction Debt Service Offset
GFOA	Government Finance Officers Association	RESJ	Racial Equity and Social Justice

APPENDIX C - ACRONYMS

SAG	Spending Affordability Guidelines
SCADA	Supervisory Control and Data Acquisition
SDC	System Development Charge
SDWA	Safe Drinking Water Act
SEP	System Extension Permit
SIU	Significant Industrial User
SLBE	Small, Local Business Enterprise
SRF	State Revolving Fund
SSES	Sewer System Evaluation Survey
SSO	Sanitary Sewer Overflow
THM	Trihalomethanes
TL	Trigger level
TMDL	Total Maximum Daily Load
WFP	Water Filtration Plant
WQRLF	Water Quality Revolving Loan Fund
WRRF	Water Resource Recovery Facilities
WSSC	Washington Suburban Sanitary Commission
WSSD	Washington Suburban Sanitary District
WWPS	Wastewater Pumping Station
WWTP	Wastewater Treatment Plant



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