



Fiscal Year 2027 Preliminary Proposed Capital and Operating Budget Public Hearing

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January 28, 2026

January 29, 2026



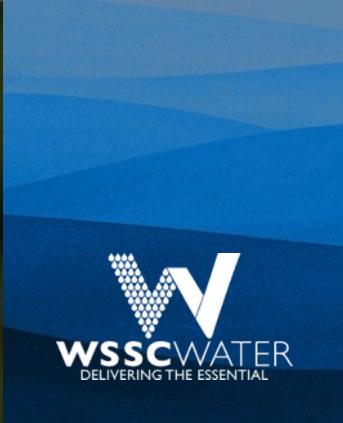
Agenda



- Commission Overview
- Timeline, Outreach and Budget Terminology
- Operating Budget
- Customer Assistance and Community Benefits
- Capital Improvements Program (CIP)
- Capital Priorities
- Revenue Enhancement Recommendation
- Conclusion

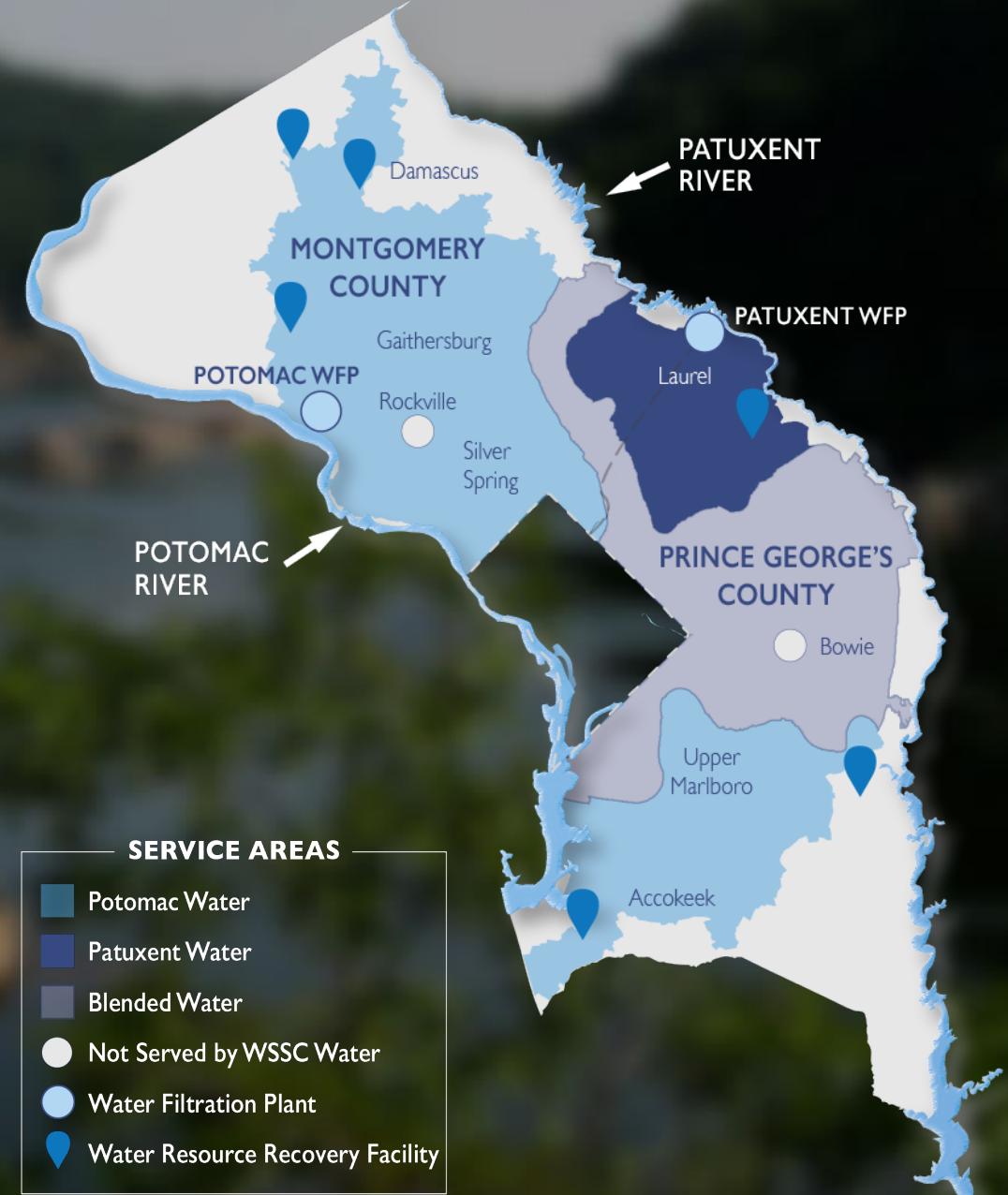


Commission Overview



WSSC WATER AT A GLANCE

Established in 1918, WSSC Water is the largest water/wastewater utility in Maryland and among the largest in the nation. Our service area spans approximately 1,000 square miles in Prince George's and Montgomery counties. We proudly serve 1.9 million residents with safe and reliable drinking water and help protect the Chesapeake Bay by treating and returning clean water back to Maryland waterways.



WSSC Water is an Anchor Institution



\$8.8M

Financial assistance for income-constrained customers in FY 2026



11,650

Customers received financial assistance in FY 2025



11,000+ Miles

Water and sewer mains in service area



\$9B

In infrastructure assets maintained on behalf of our customers



1,800+

Members of Team H₂O deliver on our mission



45%

Members of Team H₂O live in service area



\$634.5M

Over the past 5 years (FY21-FY25), WSSC Water's work has contributed to businesses in Montgomery & Prince George's counties



225

Community events annually





Timeline, Outreach and Budget Terminology

Capital Improvements Plan Update Starts April	Operating Budget Preparation Kick-Off May	Preliminary 6-Year Capital Improvements Plan Presented to the Commissioners July	Planning Level Operating Budget Presented to Commissioners September	Public Hearings on the Capital Improvements Plan September
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WSSC Water Budgeting Process & Statutory Milestones

WSSC Water Budget Preparation

Bi-County Working Group Meetings Start September	Prince George's County TIEE Committee Hearing on Operating Budget October	Montgomery County T&E Committee Meeting on Operating Budget October	Montgomery County Council and Prince George's County Council By November 1
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Spending Affordability Process

SAG Resolution Passed October 28, 2025	Commission Approval to Transmit the FY26 Preliminary Proposed Budget December 17, 2025	Transmittal of Preliminary Budget to County Governments January 12, 2026	Public Hearings on FY26 Preliminary Proposed Budgets January 28, 2026 (Montgomery) January 29, 2026 (Prince George's)	Commission Approval to transmit the FY26 Proposed Budget February 18, 2026	Transmittal of Proposed FY26 Budget to County Governments March 1, 2026	County Council & County Executive Meetings on FY26 Budget February through April 2026	Bi-County Meeting to Approve FY26 Budget May 7, 2026	Commission Adoption of FY26 Budget & Rates June 17, 2026
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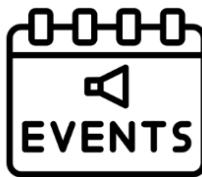
Statutory Milestones



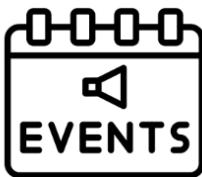
Public Hearing Outreach Efforts



Social Media:
Facebook, Instagram, Nextdoor



Newspapers:
Public notices in The Washington Post (12/15/2025), Prince George's Post (12/18/2025)



News Release & Constant Contact
News release issued on 1/22/2026 followed by Constant Contact to stakeholders



Direct Mail
October–December 2025
Customer Pipeline newsletter included in WSSC Water bills



Driving customers to website
Posted on WSSC Water website and notified customers & stakeholders via Constant Contact email list

Budget Terminology

Capital Budget – Used for long-term investments, such as infrastructure and facilities

Debt Service – Principal and interest payments on money borrowed for the capital budget

Operating Budget – Pays for the daily business of running WSSC Water, including maintenance and debt service

Pay-As-You-Go Financing (PAYGO) – The funding of capital expenditures with cash instead of debt

Ready-to-Serve Charges

- **Account Maintenance Fee** - Recovers the cost of service associated with maintaining and servicing customer accounts, including purchasing, maintaining, reading, and replacing meters; processing meter readings; generating and mailing customer bills; and providing customer services. The fee is based on meter size and assessed each bill period.
 - For a typical residential meter (5/8" – 1"), the AMF is \$32.94 or \$0.36098 per day.
- **Infrastructure Investment Fee** - Funds a portion of the debt service associated with water and sewer pipe reconstruction under WSSC Water's Capital Improvements Program. The fee is based on meter size and assessed each bill period.
 - The IIF for a 5/8" meter is \$22.67 or \$0.2484 per day.

Bay Restoration Fee - \$15 per quarter fee levied by the State of Maryland that WSSC Water collects and provides to the Comptroller of Maryland to restore health of Chesapeake Bay

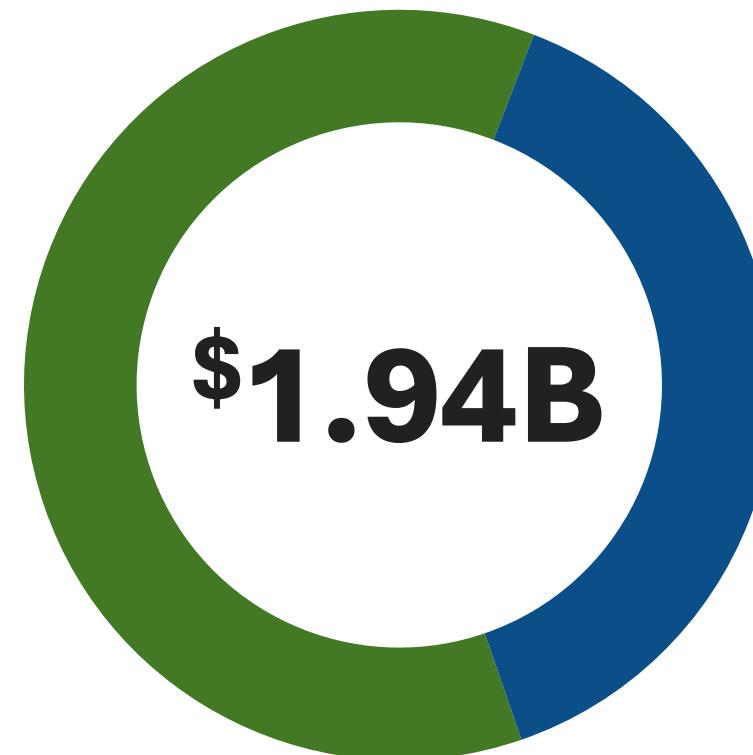
Regional Sewage Disposal – WSSC Water's share of maintenance and operating costs at DC Water's Blue Plains Advanced Wastewater Treatment Plant



FY 2027 Preliminary Proposed Budget

FY 2027 Preliminary Budget

Operating Sources	\$1.197B
Customer Rate Revenue	\$1.098B
Other Sources of Revenue	\$96.5M
External Funding	\$2.5M
Operating Uses	\$1.197B
Operating Expenses	\$708.6M
Debt Service	\$388.4M
PAYGO	\$100.0M



Capital Sources	\$741.6M
Debt	\$480.8M
State	\$133.1M
PAYGO	\$100.0M
SDC & Other Contributions	\$27.7M
Capital Uses	\$741.6M
WSSC Water Infrastructure	\$645.5M
Inter-jurisdictional Investments	\$104.4M
Adjustments for Developer Funded	\$(8.3)M

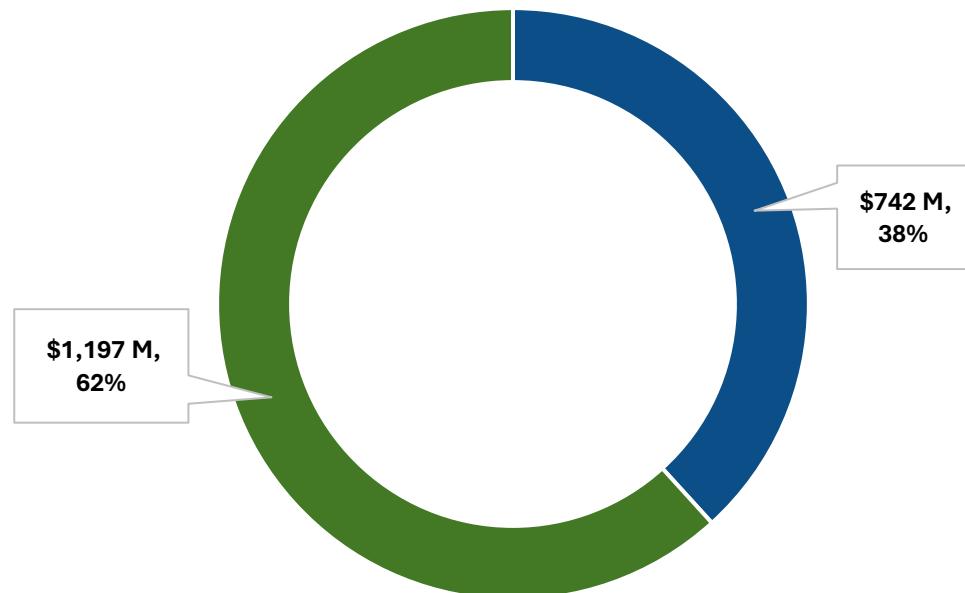
Total Budget: FY 2026 Approved and FY 2027 Preliminary

FY 2027 Preliminary Budget: +\$108.3M (+5.9%) vs. FY 2026 Approved

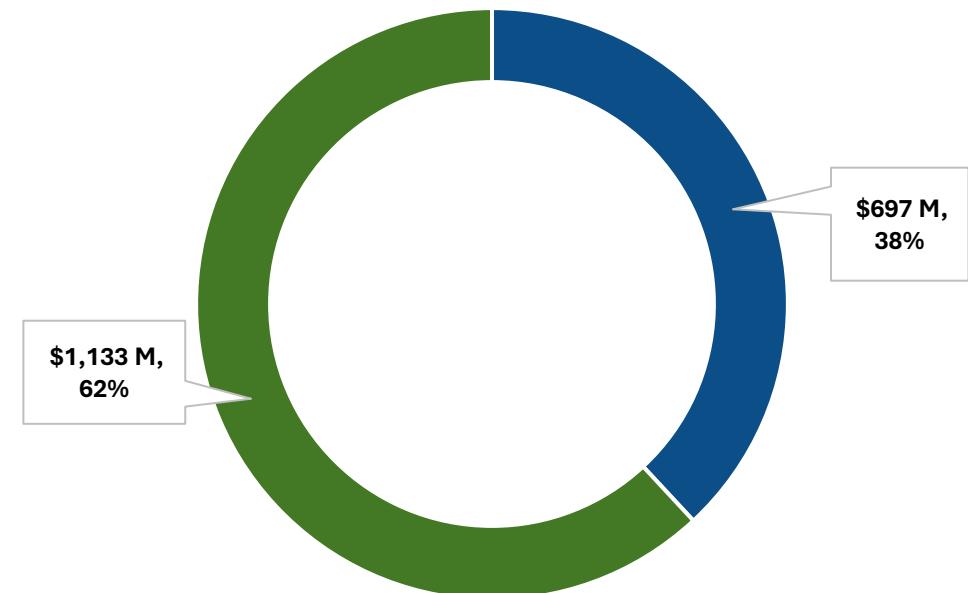
Operating Budget: +\$63.5M (+5.6%)

Capital Budget: +\$44.8M (+6.4%)

FY 2027 Preliminary Budget: \$1.9 Billion



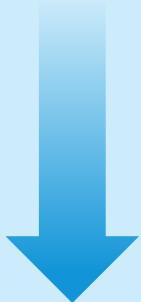
FY 2026 Approved Budget: \$1.8 Billion



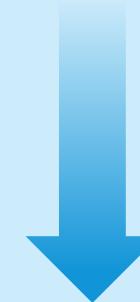
Note: All funds are included in data; Capital Budget excludes developer contributions that are included in the CIP

Bottom-Line Upfront

WSSC Water formulated a balanced budget with **millions in cuts and cost containment**



WSSC Water targeted a cut of 5% below FY26 Approved Budget; FY27 Proposed Budget is **an 8% reduction**



\$27M cut from the discretionary portion of departmental budgets across 6 strategic priorities



Focused on **cost containment** and sought efficiencies over new headcount



Prioritized capital budget programs to **maximize outcomes** and use of the available funding

FY27 Proposed **Budget Drivers**



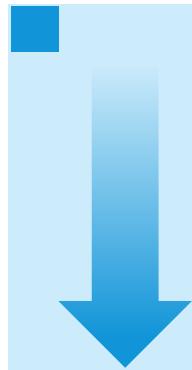
Debt Service & PAYGO (Pay-As-You-Go)

- Make steady payments on past borrowing
- Directly fund new projects to keep our water and sewer system strong
- Increasing PAYGO reduces reliance on bonds and saves on debt service costs



Competitive Wages

- Livable wage is minimum
- Carries forward newly negotiated CBA raises
- Competitive wages critical to hiring and retaining skilled staff



Federal Funding Constraints

- Federal support is limited compared to overall needs
- Infrastructure Investment and Jobs Act (IIJA) ends after Fiscal Year 2026



Rising Costs

- Increases in core operating items like regional sewage disposal fees, employee health care and utilities (heat & light)
- Budget pressures arising from inflation and tariffs

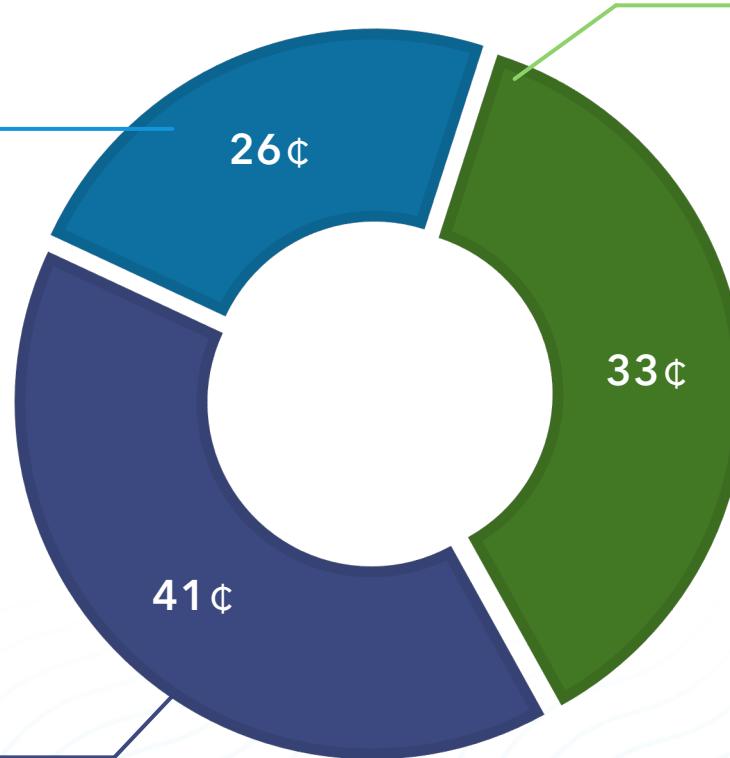
FY 2027 Budget / Where The Money Goes

Team H2O

- Salaries and wages
- Employee benefits
- Employee training
- Workforce development

Capital Improvements (Debt Service & PAYGO)

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



Operations & Maintenance

- Operations and maintenance for facilities (Including share of Blue Plains)
- Fixing broken or leaking pipes and repairing roads
- Heat, light and power for facilities
- Maintaining vehicles and equipment
- Customer assistance program funding
- Customer service
- Corporate finance
- IT services

Cost Drivers

56 cents or 56% of costs are due to non-discretionary items such as capital project financing, chemicals, biosolids hauling, healthcare and heat, light & power



Customer Assistance & Community Benefits

People

\$10.64M

20% increase over FY26 financial assistance program budget to help protect more income-constrained customers



Commitment to Affordability

Customer Assistance Programs

	FY 2025	FY 2026	FY 2027
Promise Pay Contract	\$ 3,300,000	\$ 3,630,000	\$ 3,630,000
Customer Assistance Program	2,200,000	2,200,000	2,200,000
Bill Adjustments	1,212,000	1,212,000	1,212,000
Water Fund Donation	500,000	750,000	750,000
Additional Programs	-	175,000	1,948,000
CAP Leak Repair Program	350,000	700,000	700,000
PipeER Program	200,000	200,000	200,000
Total Budget for Assistance Programs	\$ 7,762,000	\$ 8,867,000	\$ 10,640,000

+20%
(+\$1.8M)

Increase in assistance from FY 2026

In FY 2026, WSSC Water offered one-time financial assistance of up to \$750 to eligible customers with past-due water and sewer bills, totaling \$2.4 million in funding.



Capital

FY27 Capital Improvements Program (CIP)

FY27
Budget
\$749.9M*

Total Six Year
FY27-32 Budget
\$4.82B



Projects In Progress

219

\$231M



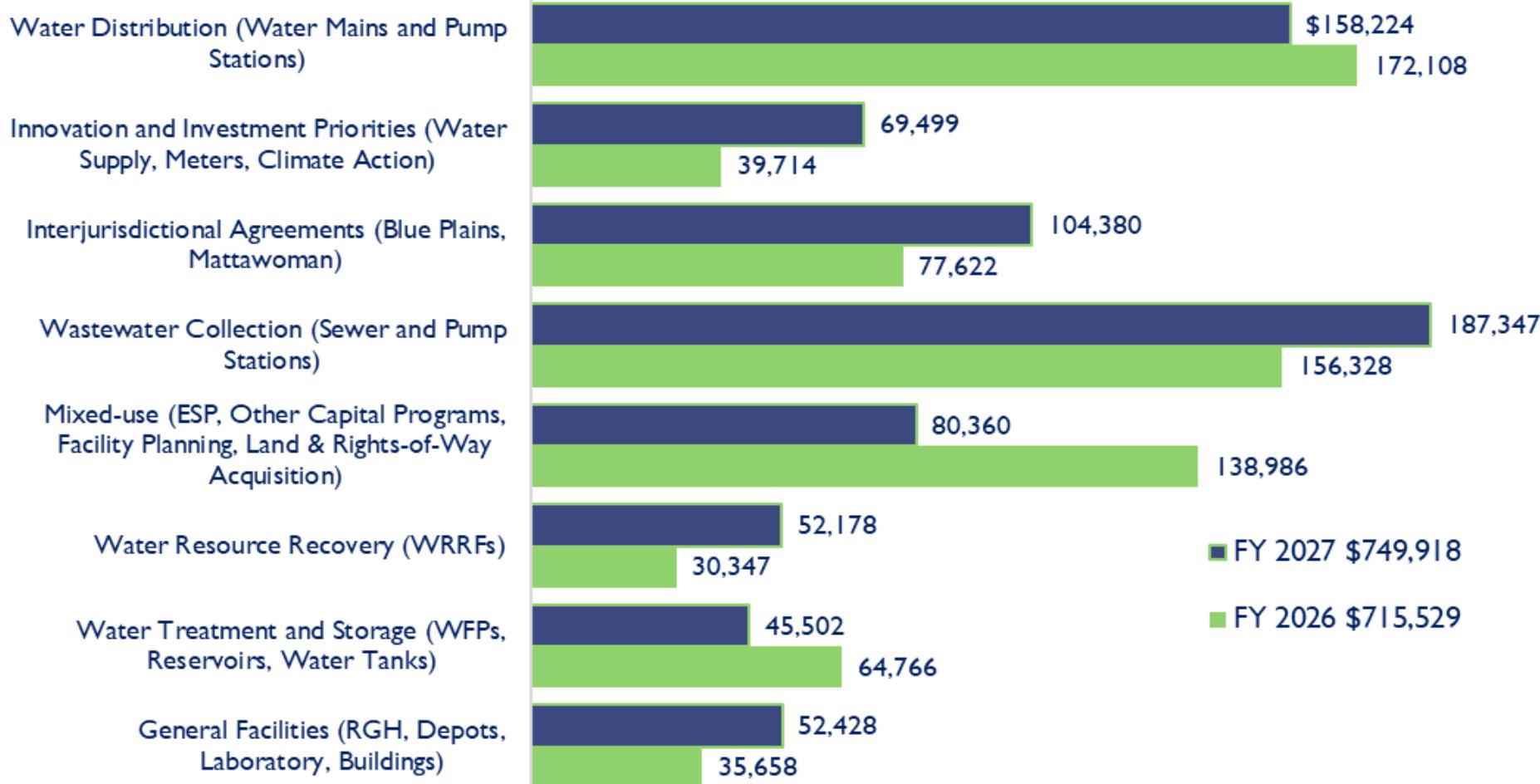
Projects Launching in 2027

88

\$202M

*The remaining \$326.3M covers initiatives such as the Lead Reduction Program, PFAs, Blue Plains, Master Planning, Developer Projects = \$749.9M

FY 2027 Proposed vs. FY 2026 Adopted Capital Budget



Water Distribution

(Water Mains and Pump Stations)

\$13,884 (8%)

Main driver(s):

- Optimizing Water Reconstruction

Mixed-Use

(ESP, Other Capital Programs, Land, Beltway)

\$49,216 (35%)

Main driver(s):

- I-495/I-270 Traffic Relief Plan;
- Reduction in Master Planning and Facility Planning and Investment

Water Treatment & Storage

(WFPs, Reservoirs, Water Tanks)

\$19,264 (30%)

Main driver(s):

- Closing of Potomac Consent Decree

Innovation & Investment Priorities

(Water Supply, Meters, Climate Action)

\$29,785 (75%)

Main driver(s):

- Metering Infrastructure Upgrade

Interjurisdictional Agreements

(Blue Plains, Mattawoman)

\$55,398 (71%)

Main driver(s):

- DC Blue Plains Capital Investment Schedule

General Facilities

(Support Center, Depots, Laboratory, Buildings)

\$16,770 (47%)

Main driver(s):

- Support Center Infrastructure replacement
- Anacostia Depot Reconfiguration

Water Resource Recovery (WRRFs)

\$21,831 (72%)

Main driver(s):

- Western Branch Process Train Improvements

Wastewater Collection

(Sewer and Pump Stations)

\$31,019 (20%)

Main driver(s):

- Optimizing Sewer Reconstruction
- Addressing previously deferred projects to address reducing I/I and poor infrastructure

Proposed FY27 vs. FY26

(\$ Thousands)

FY26: \$715,529

FY27: \$749,918



\$34.4M (5%)



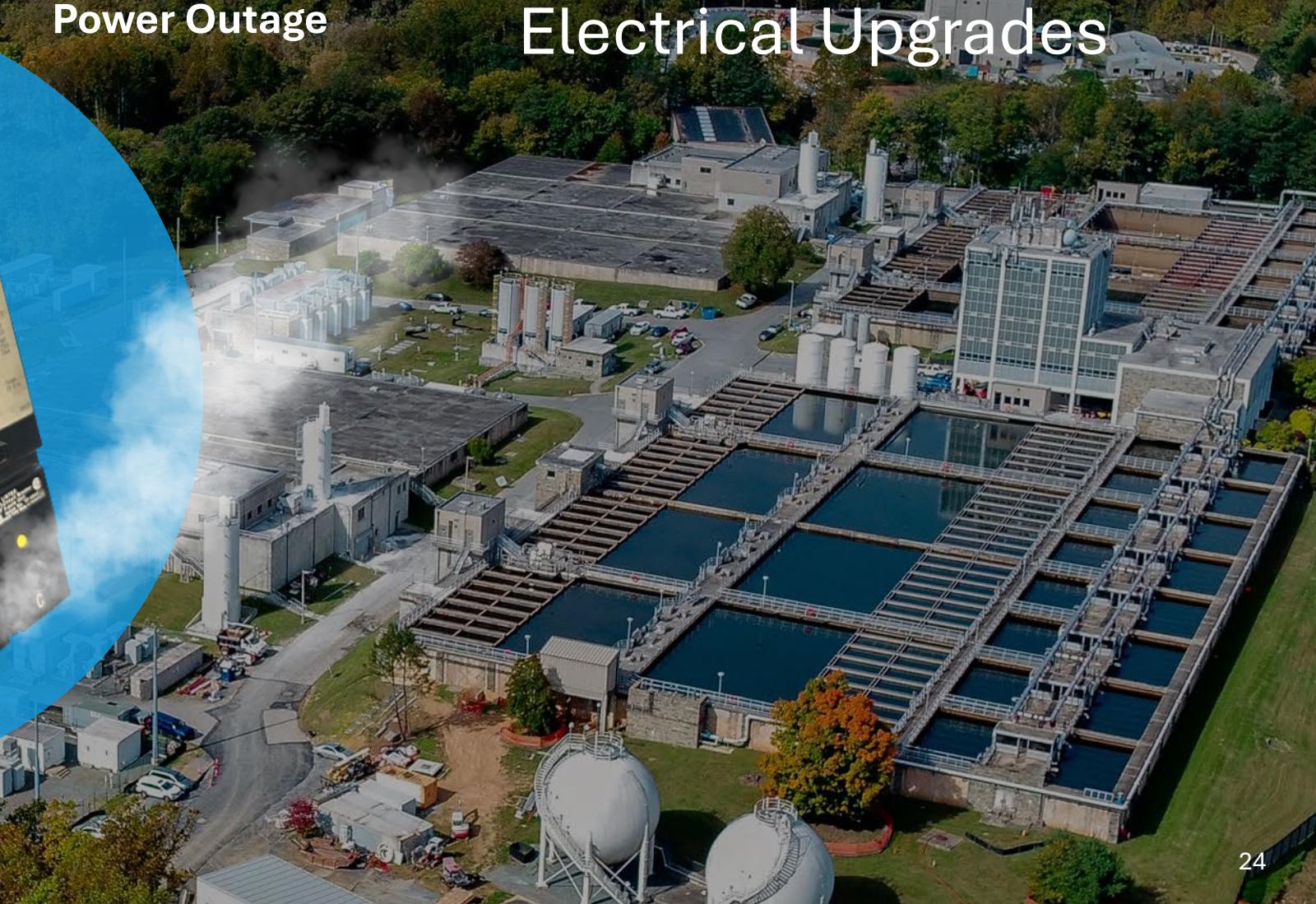
Capital Priorities

Power

Potomac
Water Filtration Plant
Power Outage

\$4.5M

Proactive Investment in
Electrical Upgrades



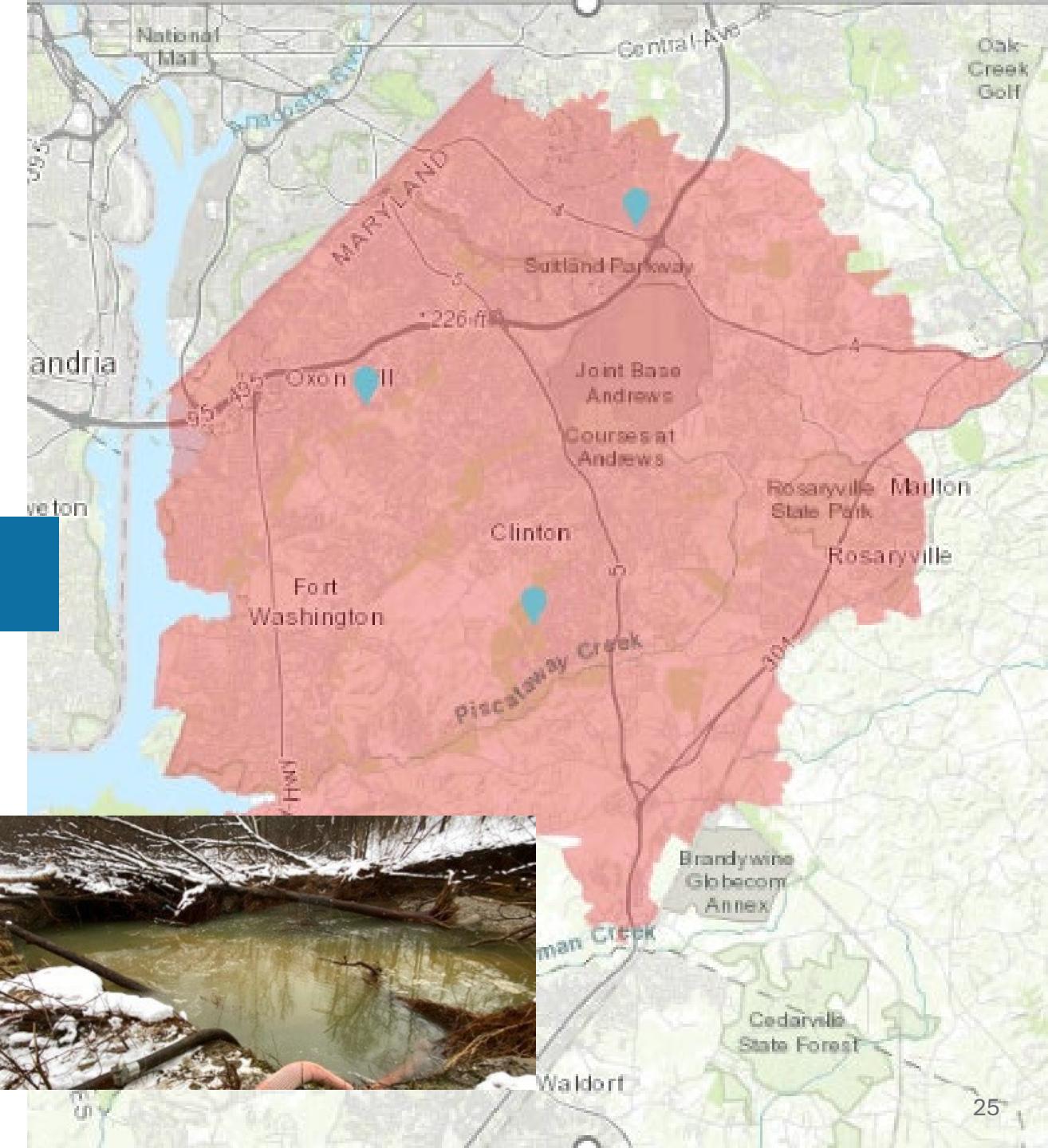
Pipes

\$9.5M

Proactive Investment to Improve Reliability and Redundancy

54" Major Break in Prince George's County

~300,000 customers affected,
hospitals, schools, Joint Base Andrews, &
National Harbor



Pipes (cont.)

\$8.74M

Proactive Investment to
Safeguard Environment



102" Anacostia Sewer Main Corrosion



Pollutants

\$6.0M

To evaluate treatment technologies to enhance public health and customer satisfaction. This includes removal of PFAS, tastes, odors, and color.

This work ensures safe, clean, and reliable water today and **prepares our system for the next 20–25 years.**



Public Health

\$10.0M FY27-32

Striving Towards Zero
Basement Backups

North Takoma Park

5 miles of repair, rehabilitation, or replacement
of sewer mains, including laterals

Lanham

Launched comprehensive action plan to identify
cause of repeated basement backups. Will fund
solutions in FY 2027 budget.



Other Highlights FY 2027 Capital Budget

- Water Distribution Program **\$126M**
- Wastewater Collection Program **\$140M (MDE \$124.4M)**
- Rehabilitation of Water Storage Facilities and Water Resource Recovery Facilities Upgrades to drive operational cost savings and maintain compliance **\$97M**
- Modernize maintenance depots to improve health and safety for Team H₂O **\$24.04M**
- Lead and Copper Reduction regulatory compliance **\$34M**
- Modernize Water Meter Infrastructure **\$12.89M**
- Master and Facilities Planning and Infrastructure Investments **\$15.2M**





Revenue Enhancement Recommendation

FY26 Adopted to FY27 Revenue Enhancement

Fiscal Year	Revenue Enhancement
FY27 Management Base Case Recommendation	6%*
FY27 SAG	5% - 7%
FY26 Adopted	9.5%

- As part of the annual Spending Affordability Guideline (SAG) process:
 - Montgomery County Council passed a resolution in support of a 6% rate revenue enhancement
 - Prince George's County Council supported a 5% revenue enhancement
- *The Preliminary Proposed FY 2027 Budget is funded with:
 - A 5% average revenue enhancement, which includes volumetric and fixed fees.
 - To limit the impact on customers, WSSC Water identified non-rate to offset a portion of the enhancement rate – totaling 1% in one-time revenue from interest income and a transfer from a temporary rate stabilization fund

Combined Water & Sewer Operating Funds

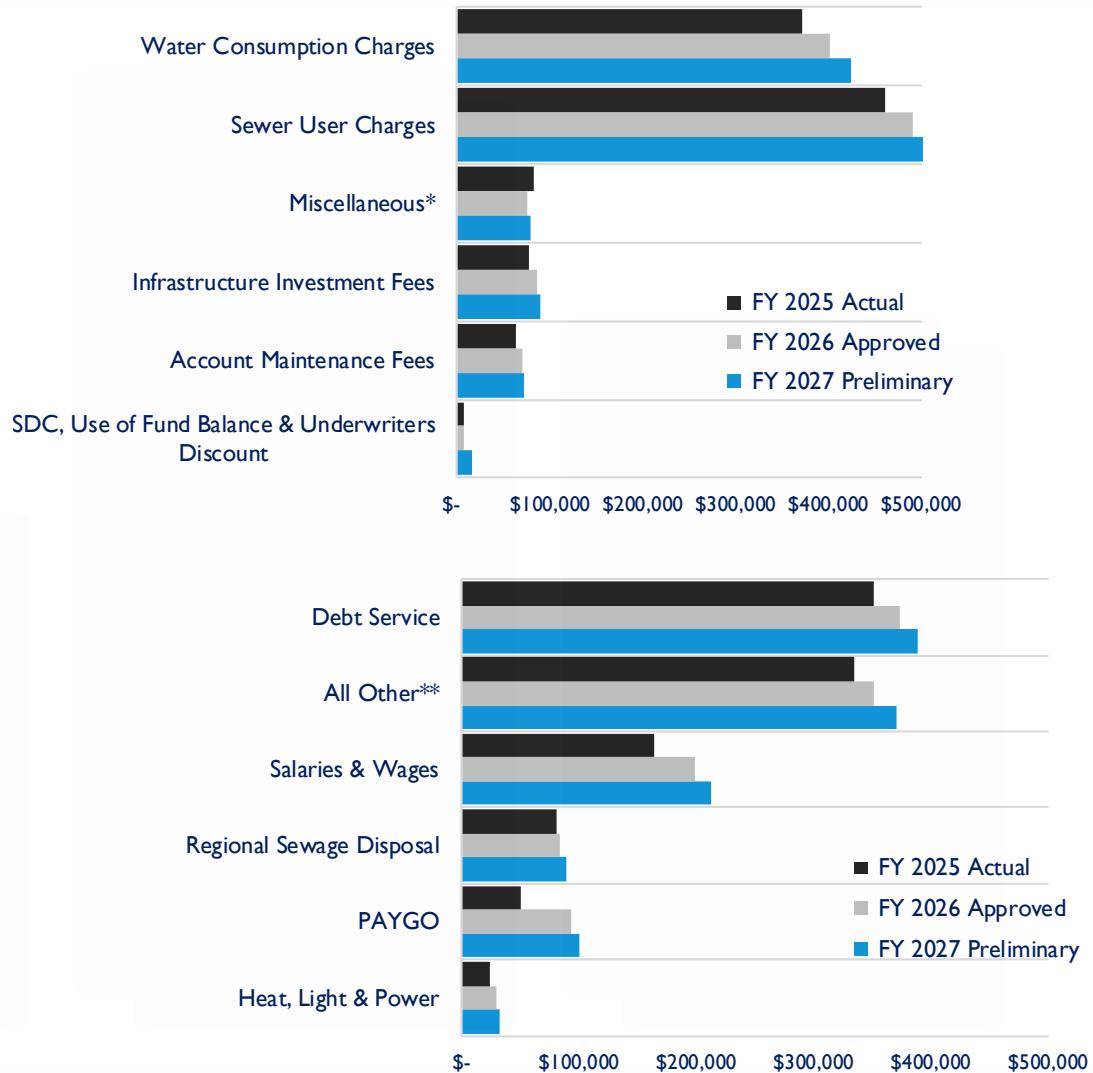
Annual Comparison (\$s In Thousands)

Sources	FY 2027		
	FY 2025 Actual	FY 2026 Approved	FY 2027 Preliminary
Water Consumption Charges	\$ 371,913	\$ 401,851	\$ 424,997
Sewer User Charges	461,577	490,689	512,170
Miscellaneous*	82,394	74,915	79,573
Infrastructure Investment Fees	77,325	85,782	88,904
Account Maintenance Fees	62,730	69,493	72,124
SDC, Use of Fund Balance & Underwriters Discount	7,772	7,772	16,230
Total Sources:	\$ 1,063,711	\$ 1,130,502	\$ 1,193,998

Uses	FY 2027		
	FY 2025 Actual	FY 2026 Approved	FY 2027 Preliminary
Heat, Light & Power	\$ 24,433	\$ 29,200	\$ 31,866
PAYGO	50,602	93,000	100,000
Regional Sewage Disposal	80,409	83,661	89,667
Salaries & Wages	163,591	199,283	212,477
All Other**	335,031	351,557	371,542
Debt Service	351,562	373,801	388,446
Total Uses:	\$ 1,005,628	\$ 1,130,502	\$ 1,193,998

* Plumbing and inspection fees, Rockville sewer use, interest income Internal Transfer to the GBDS Fund and other miscellaneous fees and uncollectible revenue

** Includes employee benefits, contractors cost, temporary services, fleet and computer equipment



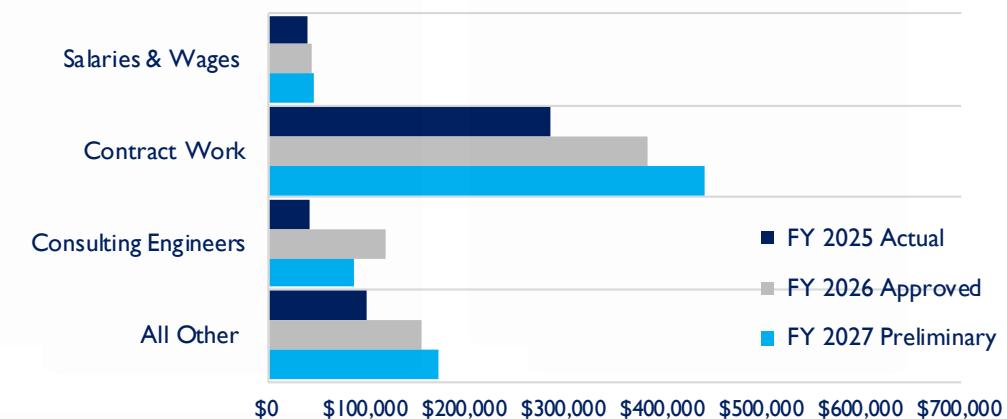
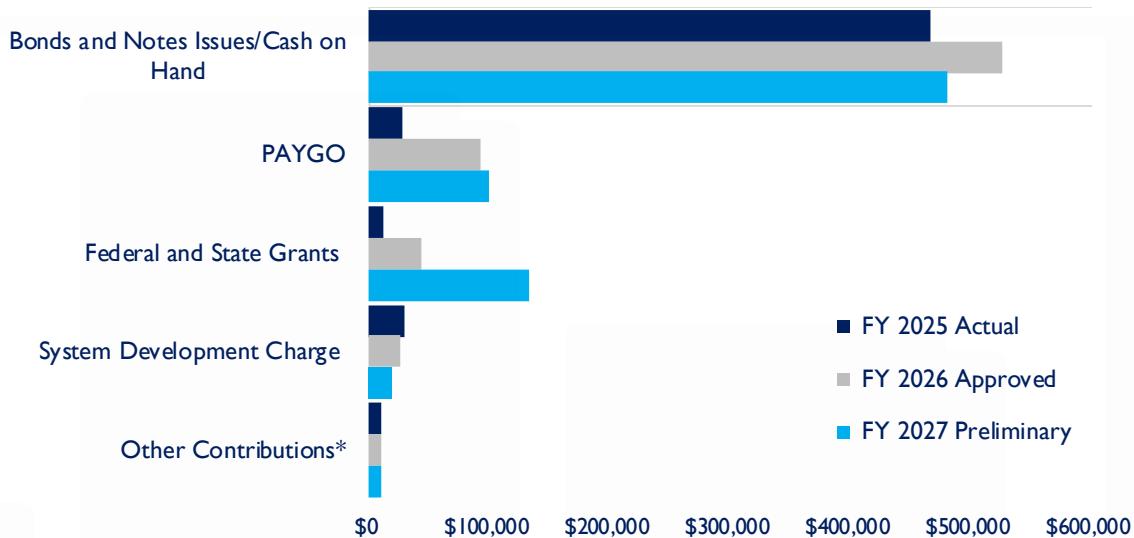
Capital All Funds

Annual Comparison (\$s In Thousands)

Sources	FY 2025	FY 2026	FY 2027
	Actual	Approved	Preliminary
Bonds and Notes Issues/Cash on Hand	\$466,852	\$525,771	\$480,821
PAYGO	27,150	93,000	100,000
Federal and State Grants	11,076	43,326	133,074
System Development Charge	29,787	25,097	17,954
Other Contributions*	10,170	9,621	9,763
Total Sources:	\$545,035	\$696,815	\$741,612

Uses	FY 2025	FY 2026	FY 2027
	Actual	Approved	Preliminary
Salaries & Wages	\$38,624	\$42,194	\$44,129
Contract Work	284,164	383,031	439,360
Consulting Engineers	40,495	117,541	86,337
All Other	98,261	154,049	171,786
Total Uses:	\$461,544	\$696,815	\$741,612

*Capital budget above excludes developers' projects which total \$8.3 million in FY 2027.



Bill at a Glance

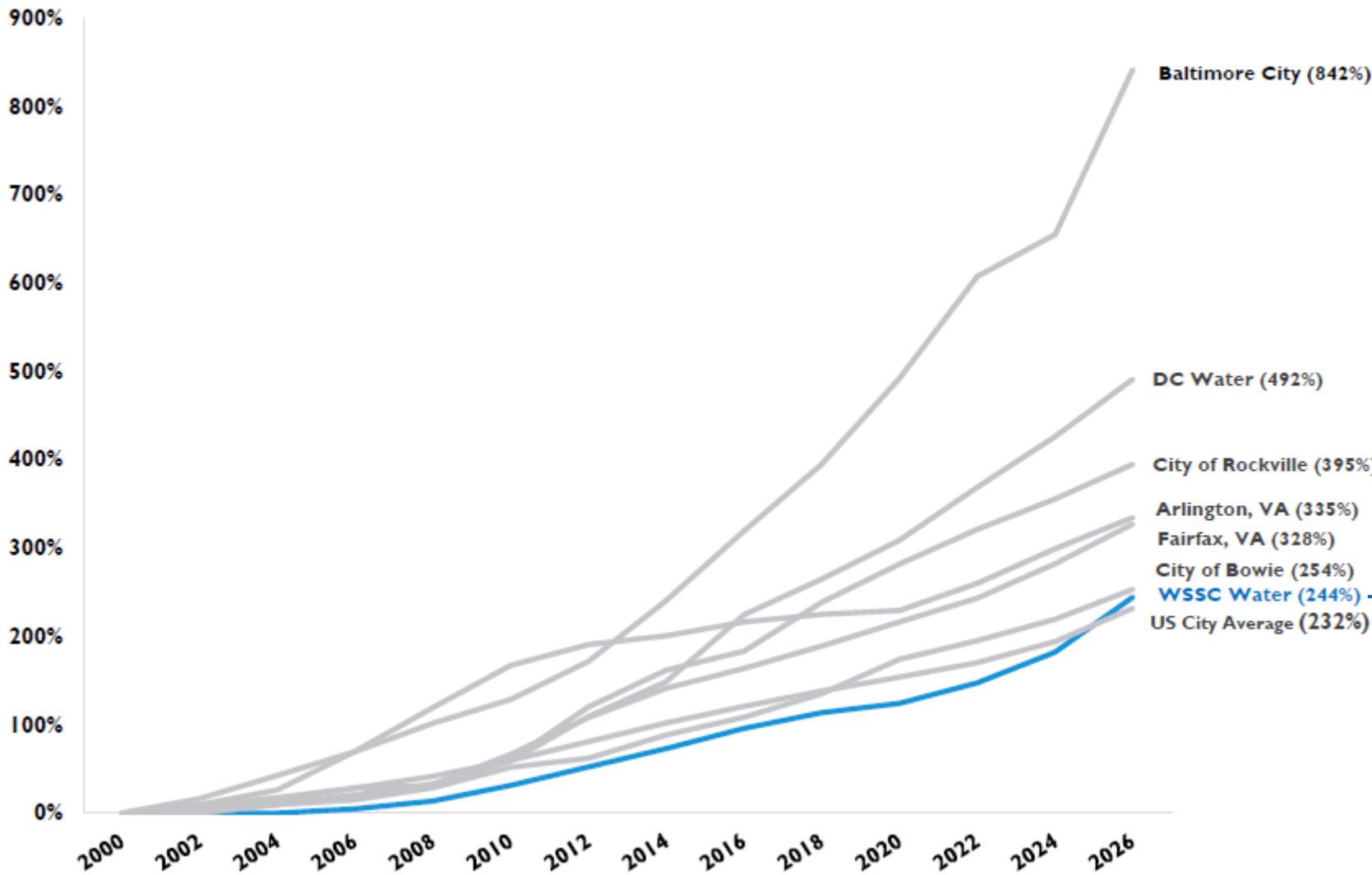
Bill Impact	FY26	FY27 (5%)
Average Gallons Per Day*	145	145
Average Quarterly Bill	\$295.05	\$309.80
<i>Monthly Bill Impact</i>	--	+\$4.92
<i>Quarterly Bill Impact</i>	--	+\$14.75
<i>Annual Bill Impact</i>	--	+\$59.00

*Based on ¾ inch meter. Average assumes 3-person household

- The 5.0% average rate increase will add approximately \$4.92 per month or \$14.75 per quarter to the bill of a customer using 145 gallons per day
- The average residential bill is approximately 1.0% of the median household income
- The proposed rate increase will maintain the system's strong financial condition, while supporting a program of investment and growth

FY00-26 Bill Increase Comparison

(145 Gallons per Day; 5/8" Meter)



WSSC Water's cumulative bill increase since FY00 is **well below those of its regional peers**.

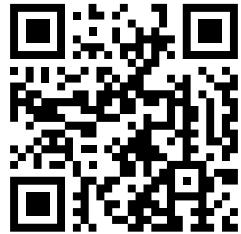
Helping Our Neighbors

Water Bill Assistance



Promise.

Sign up for an affordable, flexible and interest-free payment plan. Customers with a past-due balance of \$50 or more are eligible.



CUSTOMER ASSISTANCE PROGRAM (CAP)

CAP assists approved residential customers by waiving fixed fees, providing free annual plumbing inspections for water leaks and much more.



Eligible customers can access the Water Fund multiple times, up to \$500 per year.



PipeER+

Provides a loan up to \$10,000 to finance the repair, replacement or diagnostics of sewer or water on-property service line. The WSSC Federal Credit Union administers PipeER.



Emergency Customer Relief Fund

In partnership with United Way of the National Capital Area, WSSC Water is providing one-time assistance up to \$750 for eligible customers struggling to pay past-due water/sewer bills. Eligible customers are encouraged to act now as the \$2.4 million fund is on a first-come, first serve basis.



wsscwater.com/assistance

Public Comment

