



**FY
2027**

WSSC Water

Proposed Operating and Capital Budget

July 1, 2026 - June 30, 2027





FISCAL YEAR 2027 PROPOSED BUDGET

Mark J. Smith, Chair
Jonathan W. Powell, Vice Chair
Lynnette D. Espy-Williams, Commissioner
T. Eloise Foster, Commissioner
Jeffrey M. Seltzer, Commissioner
Regina Y. Speed-Bost, 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 2027 PROPOSED BUDGET

Public Hearings by the Commission (held as scheduled)	January 28 th and 29 th , 2026
Submission to County Executives	March 1, 2026
Approval by the County Councils	June 1, 2026
Adopted for the Fiscal Year	July 1, 2026

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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CONTAINED HEREIN IS WSSC WATER'S FY 2027 PROPOSED BUDGET DATED MARCH 1, 2026, WHICH REPLACES AND SUPERCEDES THE PREVIOUS JANUARY 15, 2026 EDITION

GOVERNMENT FINANCE OFFICERS ASSOCIATION



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Washington Suburban Sanitary Commission
Maryland**

For the Fiscal Year Beginning

July 01, 2025

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, 2025. This is the 31st consecutive year that WSSC Water has received this award.



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



COMMISSIONERS
Mark J. Smith, Chair
Jonathan W. Powell, Vice Chair
Lynnette D. Espy-Williams
T. Eloise Foster
Jeffrey M. Seltzer
Regina Y. Speed-Bost

GENERAL MANAGER
Kishia L. Powell

March 01, 2026

The Honorable Aisha Braveboy, Prince George's County Executive
The Honorable Marc Elrich, Montgomery County Executive
The Honorable Krystal Oriadha, Chair, Prince George's County Council
The Honorable Natali Fani-González, President, Montgomery County Council

Dear County Executive Braveboy, County Executive Elrich, Chair Oriadha, and President Fani-González:

On behalf of WSSC Water, I hereby transmit the Proposed Fiscal Year 2027 (FY 2027) Capital and Operating Budget. This budget is released and distributed for review by interested customers, citizens, and elected officials.

Budget Overview

The proposed budget for FY 2027 for all operating and capital funds totals \$1.97 billion or \$136.95 million (7.5%) more than the FY 2026 Approved Budget. The Proposed Operating Budget of \$1.2 billion represents an increase of \$63.5 million (5.6%) over the FY 2026 Approved Operating Budget of \$1.1 billion. Additionally, the Proposed Capital Budget of \$770.2 million represents an increase of \$73.4 million (10.5%) over the FY 2026 Approved Capital Budget of \$696.8 million. The non-discretionary debt service and payments to the District of Columbia Water and Sewer Authority's Blue Plains Advanced Wastewater Treatment Plant for the operating and Regional Sewage Disposal costs are 40% of the FY 2027 Proposed Operating Budget. These payments along with PAYGO financing of capital projects, chemicals for treatment, increased healthcare costs and rising energy costs represent 56% of the total operating increases.

Additional Expenditures That WSSC Water Plans to Absorb

The FY 2027 Preliminary Proposed Budget included \$89.7 million in operating expenses for WSSC Water's share of wastewater treatment costs at the Blue Plains

Advanced Wastewater Treatment Plant. The updated projections from DC Water show an increase of \$2.2 million, which WSSC Water plans to absorb.

The FY 2027 Proposed Budget of \$1.97 billion, is \$28.64 million more than the FY 2027 Preliminary Proposed Budget that was transmitted on January 12, 2026. The year one (FY 2027) increase totals \$28.64 million in capital funds across four CIP programs (four Blue Plains Wastewater Treatment Plants (WWTP) Programs). Revisions are required for the Blue Plains WWTP projects to reflect updated expenditure schedules from DC Water. Changes to the four Blue Plains WWTP Programs reflect a pull forward of programmed expenditures. This capital increase will add \$1.2 million to annual debt service, a cost that WSSC Water plans to absorb.

WSSC Water is an Anchor Institution

WSSC Water serves as a vital anchor institution within the community. We provide significant financial assistance to customers in need and maintain \$9 billion in critical infrastructure assets including more than 11,000 miles of water and sewer mains. WSSC Water is also a major employer in the service area with over 1,800 employees. Beyond our direct operations, we contribute significantly to the local economy by generating \$635 million in business activity for Montgomery and Prince George's Counties over the past five years and actively engaging with the community through more than 225 annual events. Funding to support our customers assistance programs has increased by 20% or \$1.8 million for FY 2027.

Outcome Based Budgeting Approach

This year, we continued our 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 continue improvements required to reach desired outcomes and optimal service delivery levels. The budget incorporates strategies, such as the use of PAYGO for capital, to meet required financial metrics while balancing affordability and investment in our resources.

Alignment of Budget Drivers with Strategic Priorities

The FY 2027 budget drivers directly support the strategic priorities. Rising debt service and PAYGO obligations, which require steady payments on past borrowing, aligns with Asset Management & Infrastructure Reliability and Sustainability & Resiliency by ensuring continued investment to maintain and strengthening water and sewer systems. Competitive wages reinforce our focus on Workforce Development, as the budget incorporates newly negotiated Collective Bargaining Agreement increases and ensures livable, market-competitive pay needed to attract and retain skilled staff.

Federal funding constraints highlight the importance of Affordability & Financial Viability, by adding pressure on rates due to limited federal support relative to overall needs and the expiration of Infrastructure Investment and Jobs Act (IIJA) funding after FY 2026. Additionally, rising costs, such as higher regional sewage disposal fees, increased employee health care expenses, and utility costs driven by inflation and tariffs, continue to add significant pressure to the budget underscoring the need to invest in Optimizing Operations and Digital Transformation to improve efficiency.

Cost Containment

We prioritized cost containment and operational efficiencies by asking departments to cut expenses 5% below their FY 2026 approved budgets. This effort resulted in \$27 million in savings from items classified as discretionary. Note that labeling these items as “discretionary” does not imply they lacked value, they are not regulatory requirements or externally mandated costs.

Revenue Enhancement

During the spending affordability discussions our preliminary “same services” budget was presented with a 6.0% revenue enhancement to keep pace with rising costs and 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.

The Proposed FY 2027 Budget is supported overall by a 6.0% revenue enhancement comprised of a 5.0% average water and sewer volumetric and fixed fees rate increase. With the additional 1.0% achieved through the use of one-time revenue from interest income and a temporary rate stabilization fund. WSSC Water understands the difficulties associated with a revenue enhancement in the current economic climate. We believe this approach addresses the concerns of all stakeholders in the spending affordability process, while at the same time recognizes the support for the required investments. We continue to experience inflation throughout the supply chain, as well as substantial increases in Blue Plains Regional Sewage Disposal and healthcare costs that are much higher than inflation. Additionally, water and wastewater operations are energy intensive. Escalating energy costs directly impact the costs of our operations. These challenges make the rate increase vital to fulfilling our mission to provide safe, clean, and reliable water, life’s most precious resource, to our customers. This proposed budget does not propose any new positions.

Commitment to Affordability and Customer Assistance Programs

The 5.0% average revenue enhancement 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 per person consumption of 48 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, we understand more residents may have difficulty 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 total of all customer assistance program support in the FY 2027 Budget is \$10.6 million, an increase of 20% from last fiscal year. This includes:

- The Customer Assistance Program (CAP), established in FY 2016 to support 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 2027, with a proposed budget estimating a \$2.2 million in revenue offset.
- 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 2027, \$750,000 is included for the Water Fund. Prior to FY 2025, the Water Fund was primarily funded through donations.
- The Connection Pipe Emergency Replacement Loan Program, funded at \$200,000, offers affordable financing of up to \$10,000 per eligible customer.
- Under the CAP Leak Repair Program, launched in fall 2024 and administered by Habitat of Humanity, CAP-enrolled customers impacted by an on-property leak are for assistance. The program budget has doubled to \$700,000 for FY 2027, and eligible customers can receive up to \$9,000 per year in water leak repair services.
- WSSC Water also offers affordable, flexible and interest-free payment plans to residential and commercial customers with past-due bills through a partnership with Promise.

- To reinforce our commitment to customer assistance, WSSC Water funded an additional \$1.8 million for new programs, representing a 20% increase over FY 2026. Specific programs will be established or enhanced based on customer needs.

Funded Essential Programs, Initiatives and Improvements

In addition to supporting enhancements to customer assistance programs, the budget funds the following essential programs, initiatives, and improvements:

- Safe Drinking Water Act and Clean Water Act compliance
- Private Side (customer) lead water service line replacement - \$34.0 million in FY 2027
- EPA Lead and Copper Rule regulatory compliance \$34 million
- Comprehensive Per- and Polyfluoroalkyl Substances (PFAS) management strategy \$6.3 million
- Operations and maintenance of our \$9 billion in infrastructure assets to support our core mission
- Debt service to support the capital improvement programs \$388.5 million
- Reduced reliance on bonds via increases to the PAYGO allocation
- Adherence to financial metrics to retain our AAA bond rating
- Inspection of large diameter pipes and valve exercising
- Investments to ensure operational reliability and resilience:
 - Upgrading Water Filtration and Water Resource Recovery Facilities to drive operational cost savings and maintain compliance
 - Upgrading aging pumping stations and force mains
 - Modernizing our meter infrastructure
 - Proactive investment to safeguard environment

Facilities Planning for Comprehensive Investment

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 level 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. A focus on Community Impact is a core element of WSSC Water's infrastructure planning to ensure all communities benefit from equitable infrastructure access and economic opportunities.

The budget proposes numerous capital and facility investments such as:

- Invest \$15.2 million in Master Planning and Facilities Planning and Investments
- Invest \$34.0 million in Lead and Copper Reduction regulatory compliance
- Invest \$12.9 million in Smart Water Meter Infrastructure
- Invest \$16.3 million in Energy Performance Programs
- Invest \$24.0 million in the Anacostia Depot Reconfiguration for mechanical upgrades at the warehouse and the heavy equipment shop and the replacement of the warehouse roof
- Invest \$22.8 million to replace and upgrade assets at the Support Center that have reached the end of their useful lives
- Invest \$68.0 million to replace 32 miles of water pipe in the Water Reconstruction Program
- Invest \$114.1 million to replace 42.6 miles of sewer pipe in the Sewer Reconstruction Program
- Invest \$58.0 million to replace 5 miles of large diameter water pipe in the Large Diameter Water Pipe & Large Valve Rehabilitation Program
- Invest \$26.4 million to replace 9 miles of Trunk Sewer line in the Trunk Sewer Reconstruction Program

Infrastructure Reliability

The budget proposes the rehabilitation of 35 miles of smaller water mains (<16 inches in diameter), as WSSC Water begins to ramp back up towards our asset management plan goal of 32 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 110 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 four 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.

Information Technology Strategic Plan

Information Technology is committed to providing a secure and reliable computing infrastructure that effectively meets the current and future needs of WSSC Water. The FY 2027 budget invests in system upgrades and replacements, as well as our people. Funding is included to continue enhancing our Cyber Resilience program to mitigate cybersecurity risks efficiently and effectively by ensuring our electronic data, computer systems and networks remain protected from theft, attack, or unauthorized access. Cyber Resiliency program initiatives include artificial intelligence (AI) threat detection, new end-user security awareness training, and risk reduction of identity theft through two-step authentication. Funding is also being made available to support modernization of some of our legacy systems, including work and asset management, customer service, financial and human resources applications, the deployment of AI and predictive analytics, digital twin technology and enhancing customer and employee engagement consistent with the objectives of WSSC Water's strategic plan and its digital transformation.

Budget Reductions: FY 2027 Proposed Budget

Under the General Manager's direction, the Departments identified efficiencies and controlled costs, reducing their budgets by \$27 million to maintain core mission functions and balance affordability with the need to accommodate rising costs to the utility.

To limit the impact of a rate increase on our customers, we identified non-rate revenue to offset a portion of the enhancement request. This includes a one-time true-up of \$4.9 million to interest income based on actual results and a transfer of \$5.5 million from a temporary rate stabilization fund. Together, these adjustments make up 1.0% of the required revenue enhancement, resulting in a 5.0% rate increase. As a result, we are able to maintain funding for important items like streets repairs/paving restoration following water main breaks, materials for maintenance operations and contractors for prompt responses to sewer backup events, unplanned plumbing repairs and emergencies.

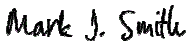
System Development Charge

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). Beginning FY 2026, WSSC Water increased both the maximum allowable charge and the SDC by 2.5%. This was the first increase since 2000. In FY 2027, WSSC Water plans to increase the maximum allowable charge as well as the SDC by the change in the CPI-W, 2.4%.

Conclusion

With this proposed budget, WSSC Water will continue to protect public health and safety by providing safe, clean, and reliable water and maintaining our AAA bond rating. This Proposed Budget is based on a 5.0% average rate revenue enhancement supplemented by 1.0% in one-time revenue from interest income and fund balance. It supports WSSC Water's strategic priorities, includes significant improvements and enhancements to existing programs and funds regulatory programs.

Sincerely,

DocuSigned by:

98E52E2EF8F840B...

Mark J. Smith
Commission, Chair

cc:
Members of Prince George's County Council
Members of Montgomery County Council
Members of the Maryland General Assembly
Kishia L. Powell, General Manager/CEO
Munetsi Timothy Musara, Chief Financial Officer

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



Mark J. Smith
Chair



Lynnette D. Espy-Williams
Commissioner



Regina Y. Speed-Bost
Commissioner



Montgomery County Commissioners



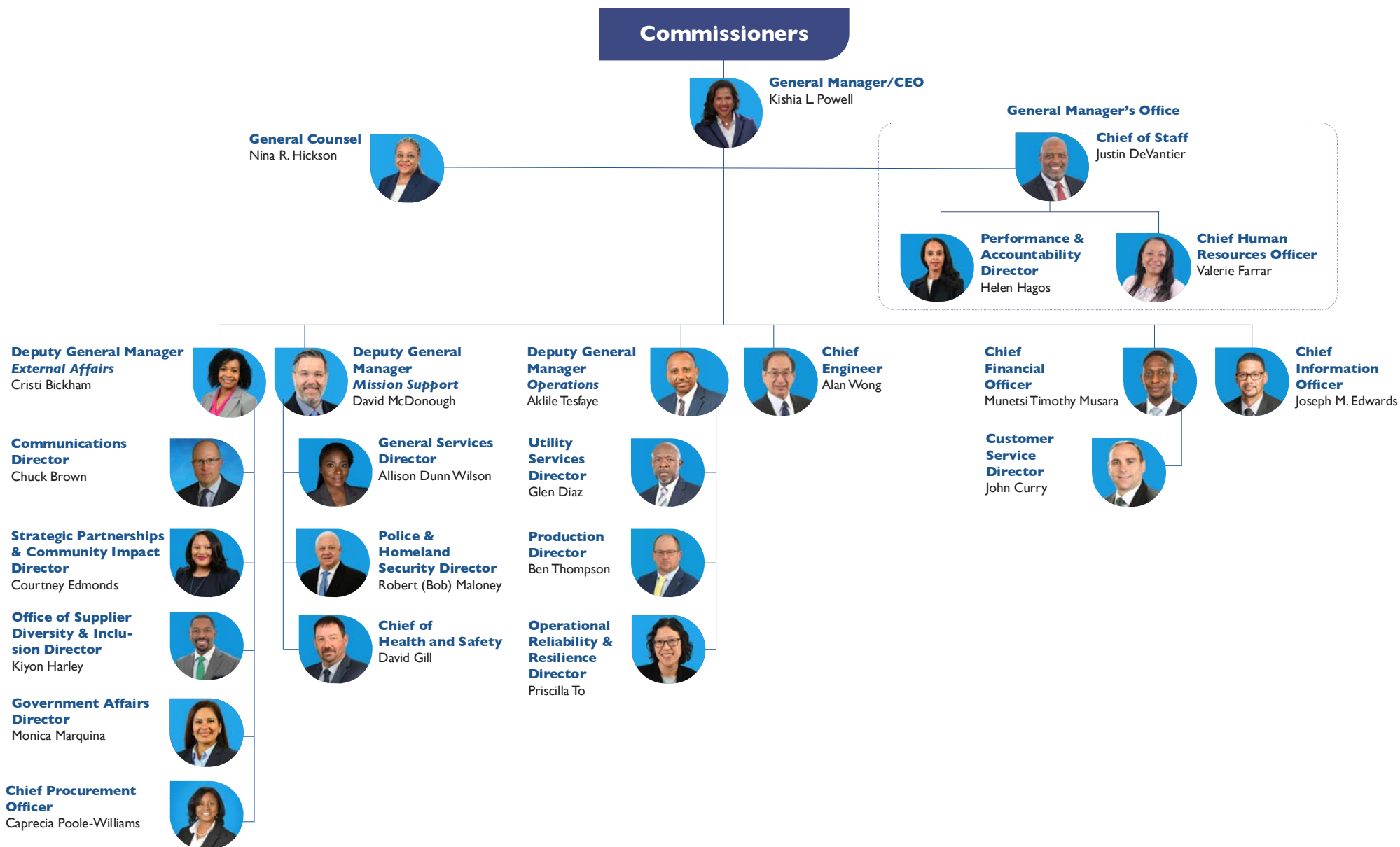
Jonathan Powell
Vice Chair



Jeffrey M. Seltzer
Commissioner



T. Eloise Foster
Commissioner

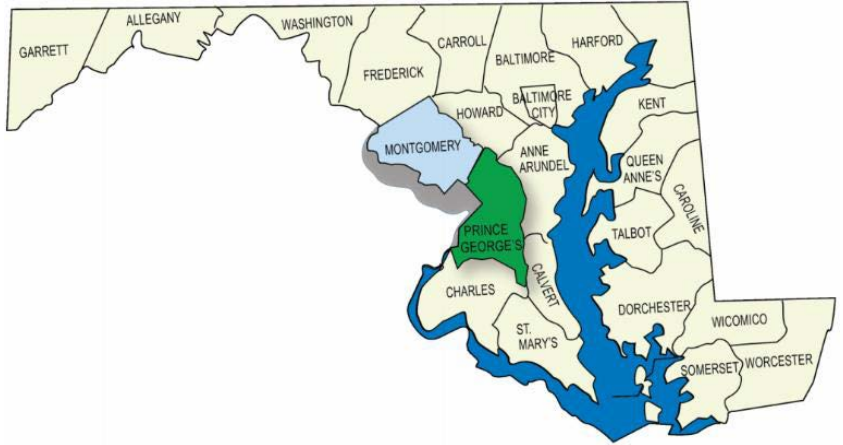


WSSC WATER OVERVIEW

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) 2027 and deliver that water to homes and businesses in Montgomery and Prince George's Counties, serving over 483,000 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 2027, it is projected that an average of 195 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 the 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.

Strategic Plan for Our **Smart** One Water Future



Vision

In every home, in every business, we make everything possible by ensuring access to dependable and safe water for everyday life.

Smart One Water Mission

WSSC Water ensures all communities thrive by ethically delivering safe, reliable and sustainable water and wastewater services.

Promise

Continue the legacy of treasuring our water, customers and employees through dedicated service for current and future generations.

Values

Just. Accountable. Caring. Community Focused. Excellent. Trustworthy.

Strategic Priorities



**Workforce
Development**



**Culture
Shift**



**Affordability &
Financial
Viability**



**Sustainability &
Resiliency**



**Asset
Management &
Infrastructure
Reliability**



**Optimizing
Operations**



**Customer
Engagement &
Partnerships**



**Digital
Transformation**

Strategic Priorities

These strategic priorities represent our investment areas to achieve the vision of our organization. Each priority was carefully crafted by the SPDT to advance us toward our Smart One Water future.



Workforce Development

WSSC Water will be a preferred employer by providing a competitive total rewards program, promoting career growth and workforce development in an innovative organization.



Affordability & Financial Viability

To ensure financial stability, we actively invest in our employees and systems to provide reliable service while balancing the financial impact on our customers.



Customer Engagement & Partnerships

To ensure all communities and partnerships thrive, WSSC Water will enhance customer experience and foster stronger connections through customer education, affordability, reliability and trust.



Sustainability & Resiliency

WSSC Water will invest in and develop Smart One Water solutions to mitigate key risks to achieve reliable and sustainable infrastructure, environmental health and net zero emissions by 2050.



Optimizing Operations

WSSC Water will leverage best practices and innovative technologies, continuously optimizing operations to sustainably meet the growing service needs of our thriving communities.



Asset Management & Infrastructure Reliability

Implement proactive procedures and protocols for Commission-wide assets, achieving financial efficiency to optimize the assets' life cycle and the level of service to the community while protecting the environment.



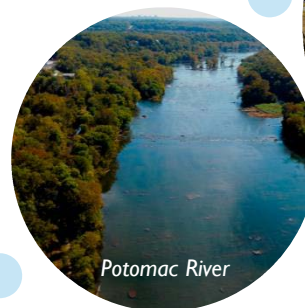
Digital Transformation

To address economic, social, regulatory, and environmental pressures, WSSC Water will leverage innovative technologies and techniques to improve decision making, organizational efficiency and service in support of our Smart One Water future.



Culture Shift

Embed our values in everything we do to foster the health, safety, and wellbeing of our workforce and the communities we serve.



Potomac River



Western Branch Water
Resource Recovery Facility



The Need for Strategic Planning

As an anchor institution, WSSC Water is central to the wellbeing of our communities. However, issues like workforce competition, climate change, aging infrastructure and affordability are shaping the future of the water sector. These are known as Megatrends - large-scale issues impacting water utilities across the globe. Combined with a growing funding gap, the need for a strategic plan to serve as a guide for operational planning and decision making is more important than ever.

This strategic plan, our 'North Star', is a testament to our commitment. It underscores our journey to becoming a Smart One Water utility. The focus areas identified in this plan, which are grounded in our values and support our Smart One Water mission and vision, are:

- Workforce Development and Culture
- Affordability and Financial Viability
- Customer Engagement and Partnerships
- Sustainability and Resiliency
- Optimizing Operations
- Asset Management and Infrastructure Reliability
- Digital Transformation
- Culture Shift

The strategic plan outlines the objectives, milestones and measures needed to advance these strategic priorities with the intent of addressing challenges and leveraging opportunities relative to water sector trends. This plan is also a tool to keep stakeholders engaged and informed. We will provide regular updates to the public and other stakeholders on the plan's progress through various means including at our Commission meetings through the General Manager's Report and the Strategic Plan Performance Report.

The Journey

This Strategic Plan represents the collaborative efforts of more than 145 Team H₂O members. The Strategic Plan Development Team (SPDT) engaged in workshops, surveys, and interviews to craft the plan, fostering collaboration across the organization.



Connection to the Transition Plan

The Strategic Plan builds on the Transition Plan, which was developed and released in 2023 with input from over 900 Team H₂O members. The Transition Plan identified 178 recommendations to improve WSSC Water's reliability and resilience in challenging situations. These recommendations and Team H₂O's momentum informed the development of the Strategic Plan.

The launch of this Strategic Plan marks a shift away from the Transition Plan. Over the next three years, Team H₂O will build on the Transition Plan's foundation to pursue the priorities and objectives outlined in this strategic plan.



Assessment

Plan development began with an onsite workshop where the SPDT conducted a Strengths, Opportunities, Aspirations and Results (SOAR) analysis to identify key focus areas and opportunities. Over 100 SPDT members also participated in interviews to describe their daily challenges and aspirations. Additionally, Commissioners were interviewed and their feedback was incorporated into the plan's development.

Megatrends impacting the water sector were evaluated through an environmental scan, identifying visionary, innovative and experimental focus areas to prepare WSSC Water for the future. An organizational gap assessment (OGA) compared WSSC Water practices and reports, including the Capital Improvements Program (CIP), Enterprise Risk Management Report and the American Water Works Association (AWWA) Benchmarking results, to industry best practices using the Effective Utility Management (EUM) framework. This framework includes foundational practices and attributes that support excellence in day-to-day operations.





Vision Building

The assessment results provided the basis for a two-day workshop with the SPDT, which focused on megatrends and specific opportunities identified in the OGA. Drawing inspiration from various sectors, the SPDT crafted values, vision, and mission statements. The workshop discussions also led to the creation of a promise statement. The outcomes of this workshop informed the selection of the eight strategic priorities.



External Stakeholder Input

Throughout this journey, we engaged external stakeholders through listening sessions, which included county representatives and community engagement teams. Local customers provided feedback through surveys on customer engagement tactics and areas for improvement. The final workshop, an open house with internal and external stakeholders, allowed for plan review and feedback before finalization.



Strategic Priorities

Cross-functional SPDT teams from across the organization developed the strategic priorities. They engaged in multiple working sessions with subject matter experts to define the objectives and results (milestones and measurements) detailed in this plan.

Milestones are markers of progress, helping to break down larger goals into manageable parts. Measures objectively gauge performance against specific criteria or targets.



Team H₂O Feedback

Finally, all of Team H₂O had the opportunity to provide input through a survey and leave comments on the Strategic Plan during a two-week review period before final publication.

WSSC Water Commission Performance Report

Jan 2026

This report tracks WSSC Water's progress towards achieving the Strategic Plan adopted by the Commissioners. In support of the core value of accountability, the Key Performance Indicators (KPIs) are presented for our Mission. This report is produced on a monthly basis, and each KPI reflects the most recently available data. This month we highlight the following:

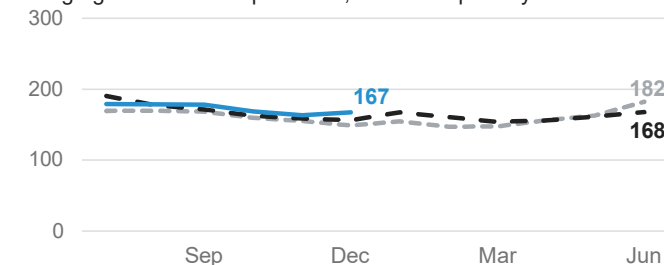
- **Estimated Bills:** As of January 1st 2026, WSSC Water had created a total of **2,323** consecutive estimated bills. This is a 48% increase from the previous month's total of 1,571 total estimated bills.
- **Accounts Billed On-Time:** As of January 1st 2026, WSSC Water had billed **99.99%** of accounts on-time.
- **Average Answer Speed:** As of January 1st 2026, WSSC Water had an average answer speed of **3.9 minutes**. This is a 63% increase from the previous month's average of 2.4 minutes. WSSC Water strives to have an average wait time of 4 minutes or below, this month's average is below the threshold by 0.1 minute.
- **Past Due Amounts and Accounts:** As of January 1st 2026, WSSC Water had **99,446** past due accounts totaling **\$69 million**. The \$69 million past due reflects a \$7M decrease from November 2025 (\$76M). Residential premises account for 75% of the delinquencies with 95,023 past due accounts totaling \$51M.

Optimizing Operations

Provide Safe and Reliable Water

Water Production

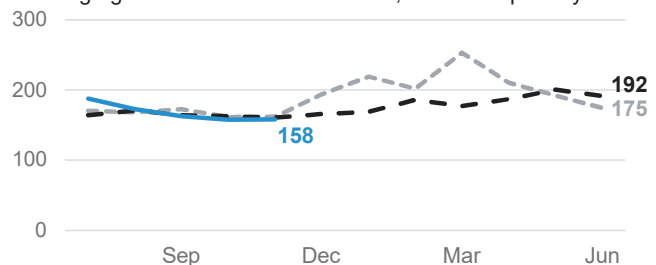
average gallons of water produced, in millions per day



Return Clean Water to Our Environment

Wastewater Treatment

average gallons of wastewater treated, in millions per day

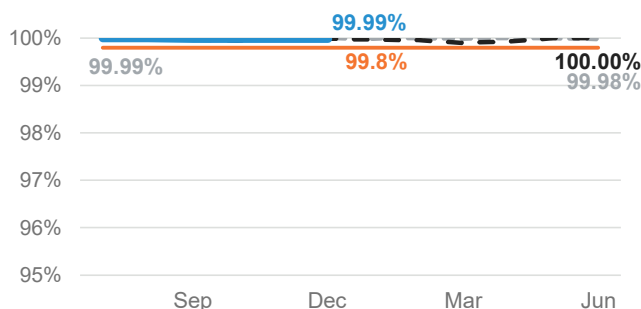


Customer Engagement & Partnerships

Deliver Safe, Reliable and Consistent Service

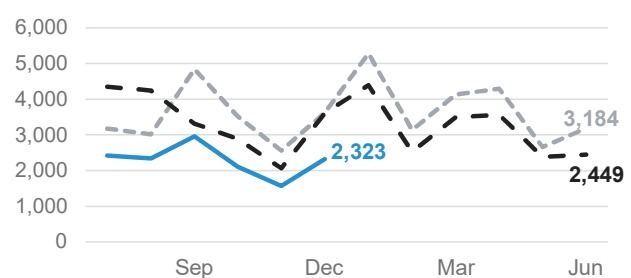
Accounts Billed On-Time

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



Estimated Bills

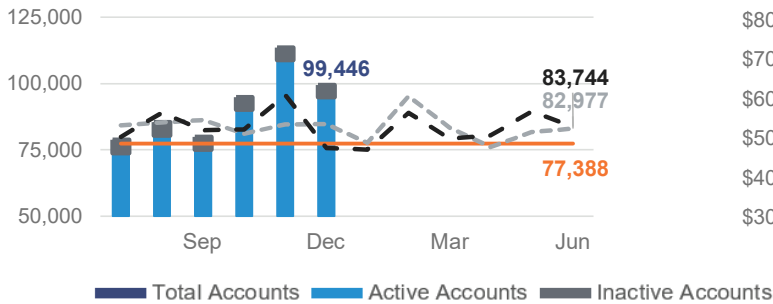
of consecutive estimated bills created



Affordability & Financial Viability

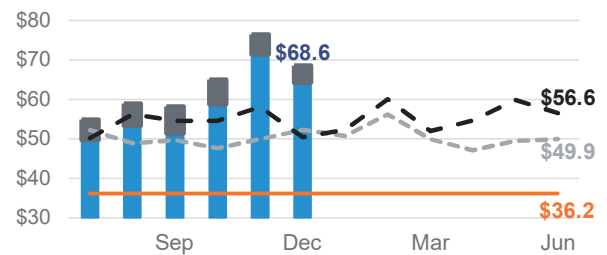
Past Due Accounts

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



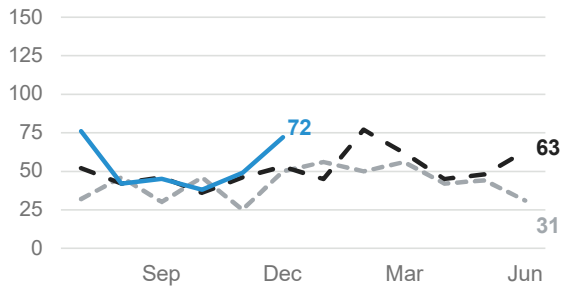
Asset Management & Infrastructure Reliability Customer Engagement & Partnerships

— This year (FY26)
— Projected target
- - Last year (FY25) FY24 - - - -

Deliver Safe, Reliable and Consistent Service

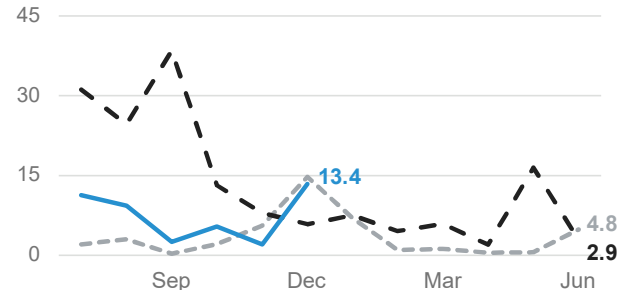
Basement Backups

of basement backups



Water Service Restoration Time (Hours)

of outage hours / # of housing units impacted

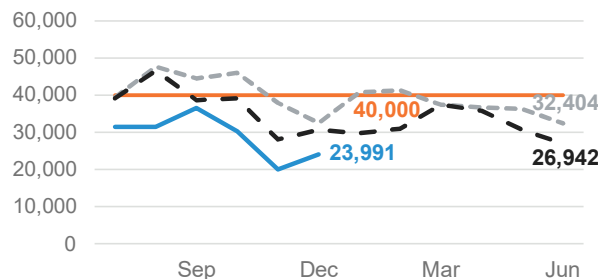


Customer Engagement & Partnerships

Provide Timely Response to Customer Queries

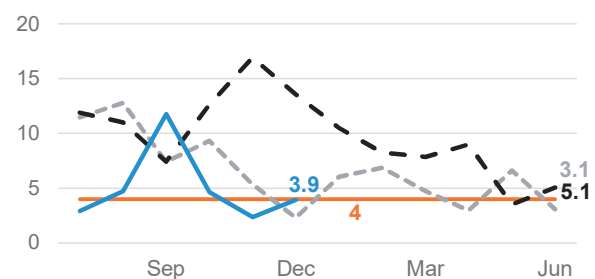
Call Volume

of calls received per month



Average Answer Speed

average minutes customer waits for customer care call center agent



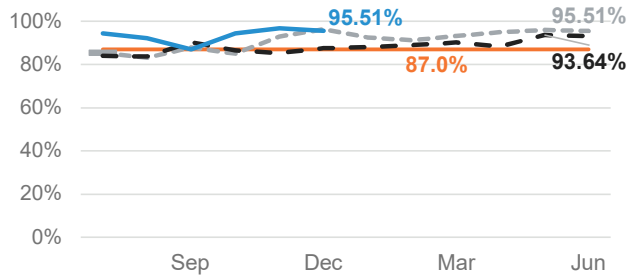
Customer Engagement & Partnerships

— This year (FY26)
— Projected target
- - Last year (FY25) FY24 - - - -

Provide Timely Response to Customer Queries

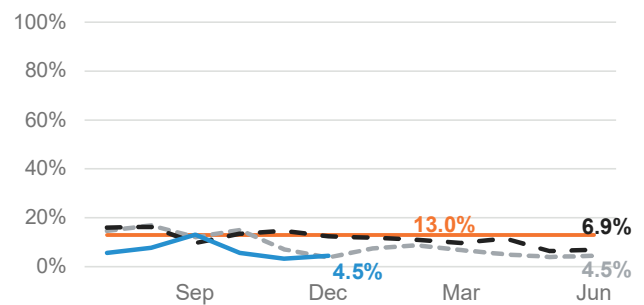
Calls Answered

of calls answered by a customer care agent / total calls



Calls Not Answered

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

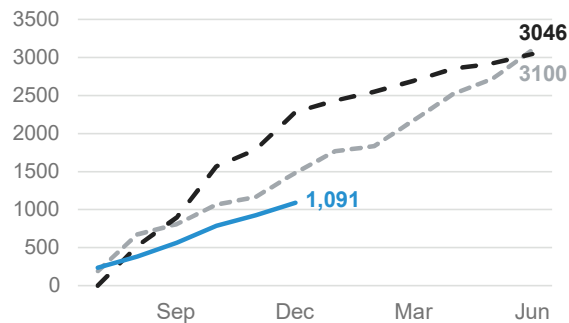


Affordability & Financial Viability Customer Engagement & Partnerships

Be a Good Citizen within Our Community

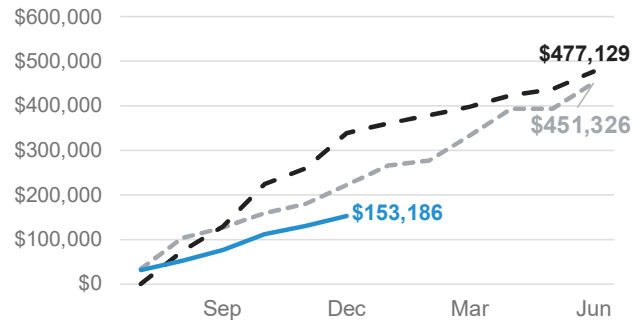
Water Fund Assistance Customers Served

of customers served, cumulative for fiscal year



Water Fund Assistance Provided

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

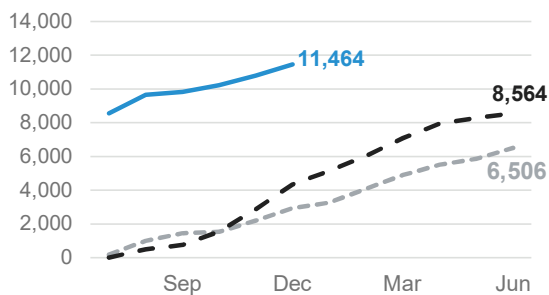


Affordability & Financial Viability Customer Engagement & Partnerships

Be a Good Citizen within Our Community

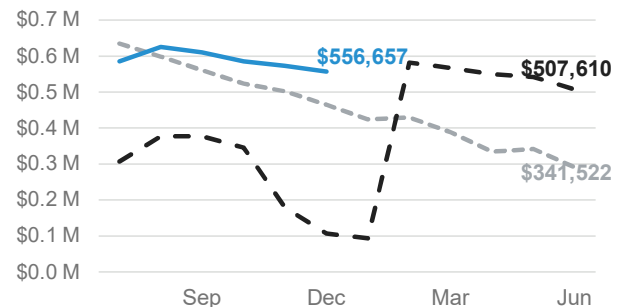
Customer Assistance Program Participants

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



Water Fund Bank Balance

value of account balance at month's end

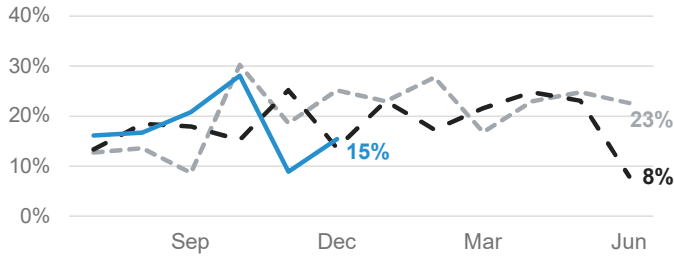


Workforce Development

Acquire the Best People

Monthly Positions Filled

of positions filled / # of actively recruited positions

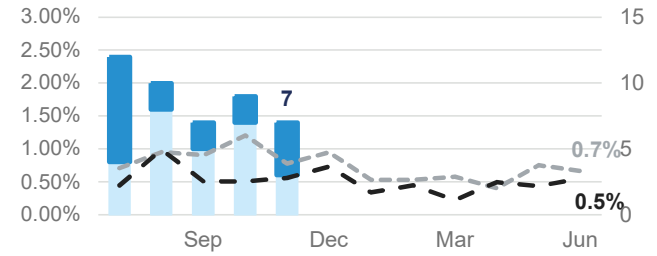


Retain Top Performers

Monthly Turnover Rate

of employee separations / # of FTEs

■ Retirement separations
■ Other separations

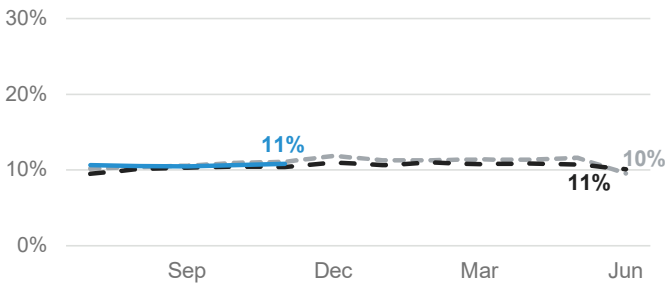


Workforce Development

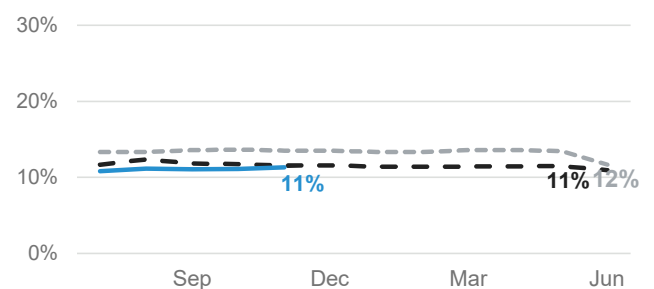
Develop and Grow Talent

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

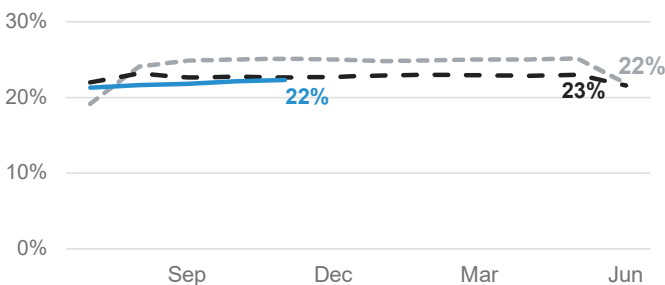
Retirement Eligibility (Full) Eligible Now



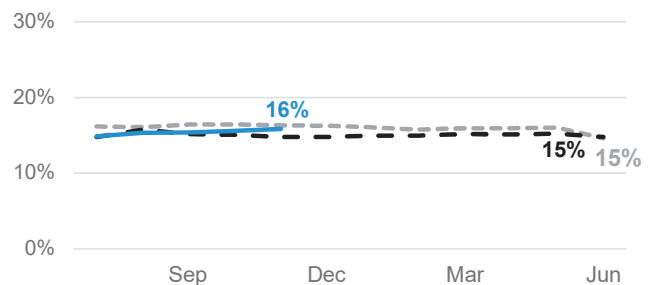
Retirement Eligibility (Early) Eligible Now



Retirement Eligibility (Full) Eligible Within 5 Years



Retirement Eligibility (Early) Eligible Within 5 Years



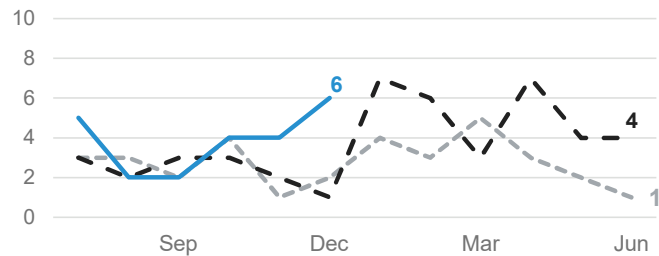
Sustainability & Resiliency
Culture Shift

— This year (FY26)
- - Last year (FY25)
- - FY24

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

Emergency and Coordinated Responses

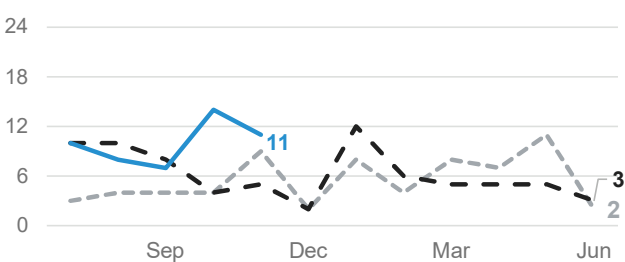
of cross-departmental coordinated responses, exercises and drills



Maintain Best in Class Operating Environment
Safety for Employees

Occupational Injuries

of occupational injuries that occurred

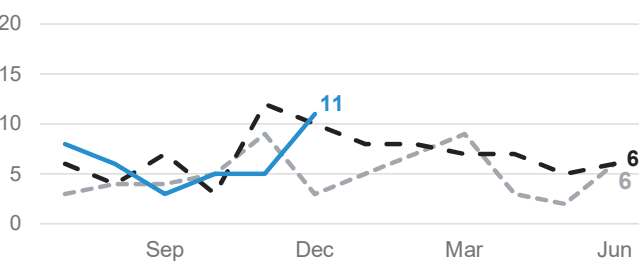


Asset Management & Infrastructure Reliability

Secure Commission's Critical Infrastructure

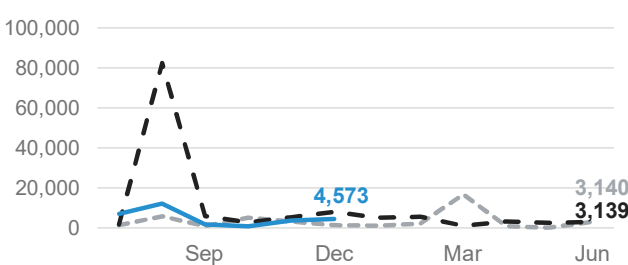
Sanitary Sewer Overflows

of sanitary sewer overflows per month



Sanitary Sewer Overflow Volume

Total gallons of sanitary sewer overflows per month



BUDGET SUMMARIES

COMPARATIVE EXPENSES

Comparative Expenses by Fund

(\$ in thousands)	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed	FY 2027 Over/(Under) FY 2026	% Change
Operating Funds							
Water Operating	\$ 367,236	\$ 415,262	\$ 480,427	\$ 523,081	\$ 550,022	\$ 26,941	5.2 %
Sewer Operating	455,358	486,946	525,201	607,421	643,976	36,555	6.0 %
General Bond Debt Service	9,165	7,035	5,486	2,596	2,615	19	0.7 %
Total Operating	\$ 831,759	\$ 909,243	\$ 1,011,114	\$ 1,133,098	\$ 1,196,613	\$ 63,515	5.6 %
Capital Funds							
Water Supply Bond	\$ 182,016	\$ 204,564	\$ 254,016	\$ 350,064	\$ 312,829	\$ (37,235)	(10.6)%
Sewer Disposal Bond	220,636	202,934	197,313	312,733	422,525	109,792	35.1 %
General Construction*	33,740	2,663	10,215	34,018	34,898	880	2.6 %
Total Capital	\$ 436,392	\$ 410,161	\$ 461,544	\$ 696,815	\$ 770,252	\$ 73,437	10.5 %
Grand Total	\$ 1,268,151	\$ 1,319,404	\$ 1,472,658	\$ 1,829,913	\$ 1,966,865	\$ 136,952	7.5 %

* Beginning FY 2024, WSSC Water discontinued the issuance of General Construction Bonds

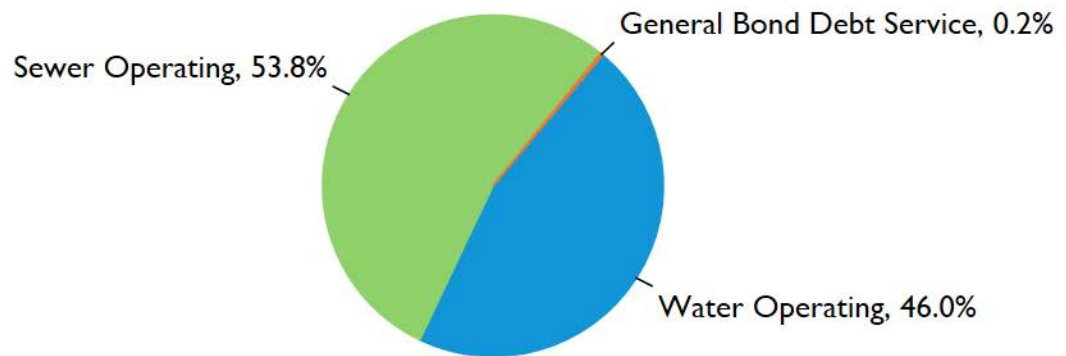
Comparative Expenses by Major Expense Category

(\$ in thousands)	FY 2025 Actual			FY 2026 Approved			FY 2027 Proposed		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Expense Categories									
Salaries & Wages	\$ 38,624	\$ 164,688	\$ 203,312	\$ 42,194	\$ 200,396	\$ 242,590	\$ 44,129	\$ 214,066	\$ 258,195
Heat, Light & Power	-	24,433	24,433	-	29,215	29,215	-	31,880	31,880
Regional Sewage Disposal	-	80,409	80,409	-	83,661	83,661	-	89,667	89,667
Contract Work	284,164	-	284,164	383,031	-	383,031	439,360	-	439,360
Consulting Engineers	40,495	-	40,495	117,541	-	117,541	86,337	-	86,337
Debt Service	-	355,024	355,024	-	373,801	373,801	-	388,446	388,446
All Other	98,261	386,560	484,821	154,049	446,025	600,074	200,426	472,554	672,980
Grand Total	\$ 461,544	\$ 1,011,114	\$ 1,472,658	\$ 696,815	\$ 1,133,098	\$ 1,829,913	\$ 770,252	\$ 1,196,613	\$ 1,966,865

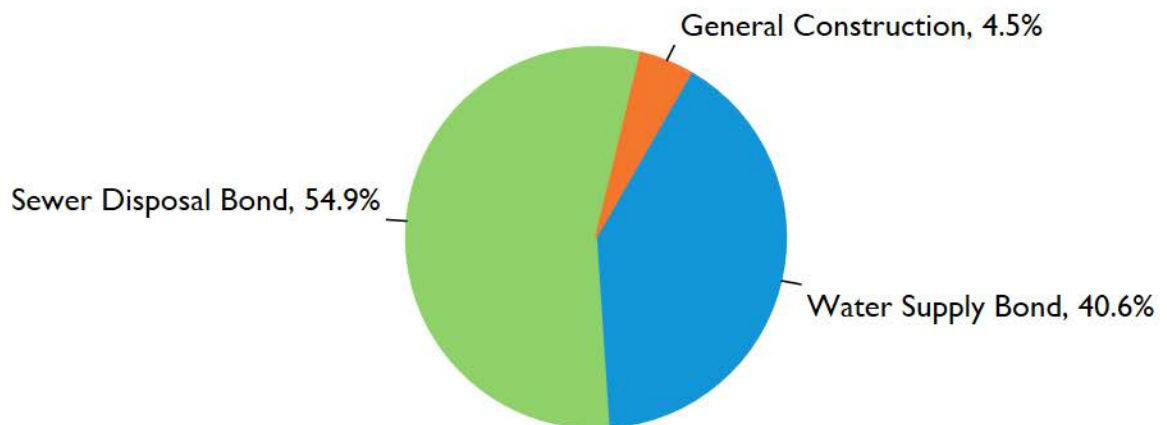
FY 2027 PROPOSED BUDGET BY FUND

Grand Total = \$1,966,865

\$ in thousands

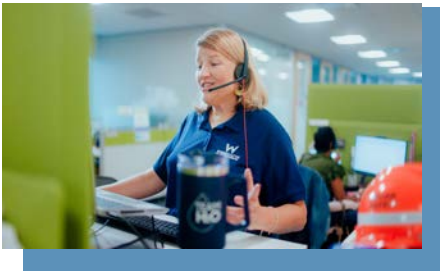


Operating Funds = \$1,196,613



Capital Funds = \$770,252

HOW EACH OPERATING DOLLAR IS SPENT



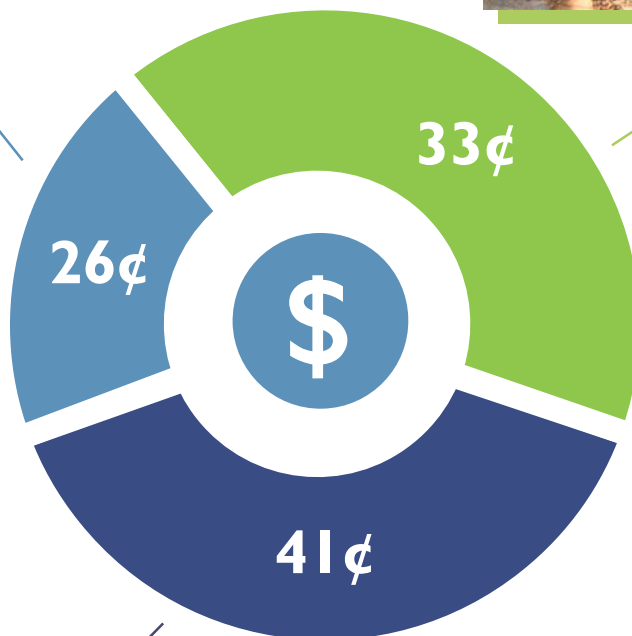
People

- 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 assistance program
- 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 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Revenues					
Water Consumption Charges	\$ 331,002	\$ 356,194	\$ 371,913	\$ 401,851	\$ 424,997
Sewer Use Charges	418,435	445,529	461,577	490,689	512,170
Account Maintenance Fees	34,888	37,846	62,730	69,493	72,124
Infrastructure Investment Fees	43,269	46,610	77,324	85,782	88,904
Plumbing and Inspection Fees	20,513	20,975	20,737	22,610	23,289
Rockville Sewer Use	3,879	4,507	4,643	4,500	4,650
Grants Revenue	2,743	3,790	2,563	3,171	2,500
Miscellaneous	25,069	28,827	27,489	27,800	29,730
Interest Income	14,924	27,996	24,572	14,000	18,907
Uncollectible	-	-	-	(4,961)	(5,491)
Renewable/Natural Gas Sales	-	-	2,392	7,107	5,988
Total Operating Revenues	\$ 894,722	\$ 972,274	\$ 1,055,940	\$ 1,122,042	\$ 1,177,768
Other Credits and Transfers					
Use of Fund Balance	-	-	-	-	5,500
Reconstruction Debt Service Offset	-	(20,000)	-	-	-
SDC Debt Service Offset	5,772	5,772	5,772	5,772	5,748
Premium Transfer	2,503	-	-	-	-
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000
Cost Sharing Reimbursement	-	-	-	688	2,982
Total Funds Available	\$ 904,997	\$ 960,046	\$ 1,063,712	\$ 1,130,502	\$ 1,193,998
Expenses					
Salaries & Wages	\$ 127,044	\$ 140,324	\$ 163,592	\$ 199,283	\$ 212,946
Heat, Light & Power	22,390	22,079	24,433	29,200	31,866
Regional Sewage Disposal	71,025	79,822	80,409	83,661	89,667
Debt Service					
Principal Payments	162,080	193,516	203,294	217,921	222,144
Interest Payments	138,013	144,811	148,268	155,880	166,302
PAYGO	31,016	44,000	50,601	93,000	100,000
All Other	271,026	277,656	335,031	351,557	371,073
Total Expenses	\$ 822,594	\$ 902,208	\$ 1,005,628	\$ 1,130,502	\$ 1,193,998

REVENUE AND EXPENSE TRENDS (Continued)

General Bond Debt Service Fund

(\$ in thousands)	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Operating Revenues					
Front Foot Benefit & House Connection	\$ 6,998	\$ 5,685	\$ 4,850	\$ 2,772	\$ 4,135
Interest Income	256	300	1,229	-	-
Miscellaneous	203	101	97	200	200
Total Operating Revenues	\$ 7,457	\$ 6,086	\$ 6,176	\$ 2,972	\$ 4,335
Other Credits and Transfers					
Reconstruction Debt Service Offset	-	20,000	-	-	-
Total Funds Available	\$ 7,457	\$ 26,086	\$ 6,176	\$ 2,972	\$ 4,335
Expenses					
Salaries & Wages	\$ 874	\$ 958	\$ 1,096	\$ 1,113	\$ 1,120
Heat, Light & Power	-	-	-	15	14
All Other	826	923	928	1,468	1,481
Subtotal	\$ 1,700	\$ 1,881	\$ 2,024	\$ 2,596	\$ 2,615
Debt Service					
Principal Payments	3,304	4,372	2,586	-	-
Interest Payments	4,161	782	876	-	-
Subtotal	\$ 7,465	\$ 5,154	\$ 3,462	\$ -	\$ -
Total Expenses	\$ 9,165	\$ 7,035	\$ 5,486	\$ 2,596	\$ 2,615

REVENUE AND EXPENSE TRENDS (Continued)

Capital Funds

(\$ in thousands)	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Funds Provided					
Bonds and Notes Issues/Cash on Hand	\$ 512,042	\$ 470,867	\$ 466,852	\$ 525,771	\$ 510,519
PAYGO	31,016	12,956	27,150	93,000	100,000
Federal & State Grants	5,697	4,959	11,076	43,326	133,074
System Development Charge	9,635	12,484	29,787	25,097	17,954
Other Contributions	10,158	9,271	10,170	9,621	8,705
Total Capital Funds	\$ 568,548	\$ 510,537	\$ 545,035	\$ 696,815	\$ 770,252
Expenses					
Salaries & Wages	\$ 27,997	\$ 31,381	\$ 38,624	\$ 42,194	\$ 44,129
Contract Work	268,792	245,931	284,164	383,031	439,360
Consulting Engineers	43,531	33,838	40,495	117,541	86,337
All Other	96,072	99,011	98,261	154,049	200,426
Total Capital Expenses	\$ 436,392	\$ 410,161	\$ 461,544	\$ 696,815	\$ 770,252

SECTION 2
PROPOSED RATES, FEES AND CHARGES

PROPOSED RATES, FEES AND CHARGES

Presented in this section are the Fiscal Year (FY) 2027 proposed variable and fixed rates, as well as fees and charges that will be effective July 1, 2026. 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

5.0% Average Water and Sewer Revenue Enhancement

		FY 2027 Proposed (\$ in thousands)
FUNDING SOURCES		
<u>Revenues (estimates)</u>		
Consumption Charges	\$	892,540
Account Maintenance Fees (AMF)		68,690
Infrastructure Investment Fees (IIF)		84,670
Uncollectible		(5,491)
<u>Other Revenues</u>		
Interest Income		18,907
Miscellaneous Revenues		66,157
Subtotal	\$	1,125,473
<u>Other Credits and Transfers</u>		
Use of Fund Balance		5,500
Systems Development Charges (SDC) Debt Service Offset		5,748
Underwriters Discount Transfer		2,000
Cost Sharing Reimbursement		2,982
Total Funding Sources	\$	1,141,703
EXPENSES		
Operating, Maintenance & Support Services Expenses		705,552
Debt Service		388,446
Pay-As-You-GO (PAYGO)		100,000
Total Expenses	\$	1,193,998
Shortfall to be Covered by Revenue Enhancement	\$	(52,295)
Proposed Average Water and Sewer Rate Increase (Shortfall divided by Consumption Charges, AMF and IIF)		5.0 %

The FY 2027 Proposed Budget is supported overall by a 6.0% revenue enhancement comprised of a 5.0% average water and sewer volumetric and fixed rate increase. With the additional 1.0% achieved using one-time revenue from interest income and a temporary rate stabilization fund. This proposed increase meets the 5.0% Spending Affordability Guidelines (SAG) limit recommended by Prince George's County but is below the 6.0% limit recommended by Montgomery County. 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, 2026

Average Daily Consumption by Customer Unit During Billing Period (Gallons Per Day)	FY 2027 July 1, 2026 Proposed		Total
	Water Rates	Sewer Rates	Combined
	Per 1,000 Gallons		
0 - 80.9999	\$ 7.68	\$ 10.22	\$ 17.90
81 - 165.9999	8.68	11.34	20.02
166 - 275.9999	9.99	14.25	24.23
276 & Greater	11.70	18.82	30.52

Proposed Flat Rate Sewer Charge - \$175.00 per quarter

Current Rate Schedule

Average Daily Consumption by Customer Unit During Billing Period (Gallons Per Day)	FY 2026 July 1, 2025 Approved		Total
	Water Rates	Sewer Rates	Combined
	Per 1,000 Gallons		
0 - 80.9999	\$ 7.33	\$ 9.72	\$ 17.05
81 - 165.9999	8.28	10.79	19.07
166 - 275.9999	9.53	13.55	23.08
276 & Greater	11.17	17.90	29.07

Approved Flat Rate Sewer Charge - \$166.00 per quarter

QUARTERLY CUSTOMER BILLS AT VARIOUS CONSUMPTION LEVELS

Meter Size	Average Daily Consumption (Gallons Per Quarter)	Approved FY 2023	Approved FY 2024	Approved FY 2025	Approved FY 2026	Proposed FY 2027	% Increase
3/4" Residential Meter	100 (9,125 gal/qtr)	\$ 162.42	\$ 173.77	\$ 197.92	\$ 216.72	\$ 227.56	5.0%
3/4" Residential Meter	145 (13,231 gal/qtr)	227.71	243.96	269.45	295.05	309.80	5.0%
3/4" Residential Meter	500 (45,625 gal/qtr)	946.56	1,012.72	1,057.11	1,157.54	1,215.41	5.0%
2" Meter	1,000 (91,250 gal/qtr)	2,248.01	2,405.15	2,614.45	2,862.82	3,005.96	5.0%
3" Meter	5,000 (456,250 gal/qtr)	11,559.50	12,367.29	13,145.49	14,394.31	15,114.03	5.0%
6" Meter	10,000 (912,500 gal/qtr)	23,432.35	25,069.80	26,702.98	29,239.76	30,701.75	5.0%

Bill examples 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, 2026

Meter Size	FY 2026 Current Quarterly Charges	FY 2026 Current Daily Charges	FY 2027 Proposed Quarterly Charges	FY 2027 Proposed Daily Charges
<u>Small Meters</u>				
5/8" to 1"	\$ 32.94	\$ 0.36	\$ 34.58	\$ 0.38
<u>Large Meters</u>				
1-1/2"	32.94	0.36	34.58	0.38
2"	55.60	0.61	58.38	0.64
3"	135.89	1.49	142.68	1.56
4"	292.38	3.20	306.99	3.36
6"	317.07	3.47	332.92	3.65
8"	411.79	4.51	432.37	4.74
10"	506.49	5.55	531.82	5.83
<u>Detector Check Meters</u>				
2"	67.96	0.74	71.35	0.78
4"	364.45	3.99	382.67	4.19
6"	525.03	5.75	551.28	6.04
8"	949.17	10.40	996.63	10.92
10"	1,303.29	14.28	1,368.46	15.00
<u>Fire Service Meters</u>				
4"	374.72	4.11	393.46	4.31
6"	603.26	6.61	633.42	6.94
8"	930.63	10.20	977.16	10.71
10"	1,404.16	15.39	1,474.37	16.16
12"	2,036.25	22.32	2,138.06	23.43

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

INFRASTRUCTURE INVESTMENT FEES

Proposed For Implementation July 1, 2026

Meter Size	FY 2026 Current Quarterly Charges	FY 2026 Current Daily Charges	FY 2027 Proposed Quarterly Charges	FY 2027 Proposed Daily Charges
<u>Small Meters</u>				
5/8"	\$ 22.67	\$ 0.25	\$ 23.80	\$ 0.26
3/4"	24.70	0.27	25.94	0.28
1"	28.82	0.32	30.26	0.33
<u>Large Meters</u>				
1-1/2"	185.31	2.03	194.57	2.13
2"	380.91	4.17	399.95	4.38
3"	1,204.46	13.20	1,264.68	13.86
4"	1,673.88	18.34	1,757.58	19.26
6"	2,604.51	28.54	2,734.74	29.97
8"	5,857.54	64.19	6,150.42	67.40
10"	9,108.76	99.82	9,564.20	104.81
<u>Fire Service Meters</u>				
4"	1,027.39	11.26	1,078.76	11.82
6"	1,268.27	13.90	1,331.69	14.59
8"	5,196.62	56.95	5,456.45	59.80
10"	5,587.82	61.24	5,867.21	64.30
12"	10,735.01	117.64	11,271.76	123.53

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

SYSTEM DEVELOPMENT CHARGES

Proposed For Implementation July 1, 2026

SDC Category	FY 2026 Current Charges	FY 2027 Proposed Charges *	Current Maximum Allowable	Approved Maximum Allowable
Apartment				
Water	\$ 918	\$ 940	\$ 1,611	\$ 1,649
Sewer	1,169	1,197	2,049	2,098
1-2 toilets/residential				
Water	1,378	1,411	2,417	2,475
Sewer	1,753	1,795	3,071	3,145
3-4 toilets/residential				
Water	2,296	2,351	4,028	4,125
Sewer	2,921	2,991	5,125	5,248
5 toilets/residential				
Water	3,213	3,290	5,636	5,772
Sewer	4,091	4,189	7,175	7,347
6+ toilets/residential (per fixture unit)				
Water	90	92	160	164
Sewer	118	121	209	214
Non-residential (per fixture unit)				
Water	90	92	160	164
Sewer	118	121	209	214

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 2.4% 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 2024 to November 2025.

* For FY 2027, WSSC Water plans to increase SDC by 2.4%

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2026

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, 2026.

Fee/Charge Number and Name	Current	FY 2027 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	\$ 1,635	\$ 1,800	Yes
New Attached Dwellings (townhouses/multiplex excluding apartments)	1,635	1,800	Yes
<u>All Other Residential</u>			
Water/Well Hookup	165	180	Yes
Meter Yoke Inspection (meter only installation)	165	180	Yes
Water Hookup Converting from Well (includes 2 inspections)	335	360	Yes
Sewer/Septic Hookup	165	180	Yes
First Plumbing Fixture	165	180	Yes
Each Additional Fixture	85	90	Yes
SDC Credit Fixture Inspection (per fixture)	70	75	Yes
Minimum Permit Fee	295	320	Yes
Permit Reprocessing Fee	80	90	Yes
Long Form Permit Refund Fee	295	320	Yes
Long Form Permit Re-Issue Fee	295	320	Yes
<u>All Non-Residential</u>			
<u>Plan Review without Permit Application</u>			
25 Fixtures or Less	715	780	Yes
26-200 Fixtures	3,555	3,910	Yes
Over 200 Fixtures	8,165	9,390	Yes
<u>2nd or 3rd Review (with or without permit application)</u>			
25 Fixtures or Less	285	315	Yes
26-200 Fixtures	805	885	Yes
Over 200 Fixtures	1,955	2,250	Yes
Water/Well Hookup	310	335	Yes
Meter Yoke Inspection (meter only installation)	310	335	Yes
Sewer/Septic Hookup	310	335	Yes
FOG Interceptor	310	Delete	Yes
First Plumbing Fixture	310	335	Yes
Each Additional Fixture	85	90	Yes
SDC Credit Fixture Inspection (per fixture)	75	85	Yes
Minimum Permit Fee	430	465	Yes
Permit Reprocessing Fee	85	90	Yes
<u>Other Services</u>			
Permit Consulting Fee	165	180	Yes
IB Long Form Permit Refund Fees			
Long Form Permit Refund Fee	430	465	Yes
Long Form Permit Re-Issue Fee	430	465	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2026

Fee/Charge Number and Name	Current	FY 2027 Proposed	Charge Change
INSPECTIONS, LICENSES AND PERMITS (Continued)			
2 License Fees for the Regulated Trades			
<u>Reciprocal Master License (Plumber, Gasfitter, Plumber/Gasfitter):</u>			
Initial Registration for a license (for 2 years)	\$ 150	\$ 160	Yes
Registration Renewal (for 2 years)	120	130	Yes
Late Registration Renewal	75	80	Yes
<u>Examined Master License (Plumber, Gasfitter, Plumber/Gasfitter):</u>			
Initial Registration of a License (for 4 years)	160	175	Yes
Registration Renewal (for 4 years)	160	175	Yes
Late Registration Renewal	80	85	Yes
Cross-connection Technician Registration	40	45	Yes
Sewer and Drain Registration and Renewal (for 2 years)	70	75	Yes
Sewer and Drain Late Renewal Fee	35	40	Yes
<u>Journeyman License Registration</u>			
Initial Registration per type (for 2 years)	55	60	Yes
Registration Renewal (for 2 years)	55	60	Yes
Late Registration Renewal	30	40	Yes
License Transfer Fee	30	35	Yes
License Replacement Fee	25	30	Yes
<u>Apprentice License Registration:</u>			
Apprentice License Registration (Lifetime)	20	20	No
3 Short Form Permit Fee for Initial, Reinspection and Reactivation Types (Up to 3 fixtures and Non-Refundable)	165	180	Yes
4 Long Form Permit Transfer Fee (with inspection)	245	265	Yes
5 Tapper License Fees			
Permit Fee	380	420	Yes
Duplicate	50	60	Yes
6 Watershed Use Permit Fees			
<u>Boat Removal and Impoundment Fees</u>			
Boat/Craft Removal and Impoundment Fee	150	150	No
Removed Boat/Craft Storage Fee (Monthly)	90	90	No
<u>Watershed Use Permit Fees</u>			
Watershed Use Permit (January 1-December 31)	70	70	No
Watershed Use Permit (Single Day)	5	5	No
Open Season Boat Mooring (March 15 - November 30)	90	90	No
Winter Boat Mooring (December 1 - March 14)	75	75	No
Azalea Garden Rental (4 hours)	75	75	No
Bio-Brick Pavilion Rental (4 hours)	100	100	No
Boarding Stable Entrance Permit (Single Day)	260	260	No
Adjacent Landowner Entrance Permit (Single Day)	80	80	No
<u>Picnic Permit</u>			
Picnic Permit - Groups of 1-5 Persons (Single Day)	5	5	No
Picnic Permit - Groups of 6-10 Persons (Single Day)	10	10	No
Picnic Permit - Groups of 11-15 Persons (Single Day)	15	15	No
7 Site Utility Inspection Fees (Non-Minor) / DRP-DR Developer			
Base Fee	5,050	5,810	Yes
Pipeline (per foot)	11	12	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2026

Fee/Charge Number and Name	Current	FY 2027 Proposed	Charge Change
DISCHARGE AND WATER PROTECTION			
8 Water Hauler Permit Fees			
<u>Discharge Permit Fee (Sanitary/Septage/Grease):</u>			
1-49 gallons (per vehicle)	\$ 255	\$ 255	No
50-799 gallons (per vehicle)	8,170	8,170	No
800-2,999 gallons (per vehicle)	24,905	25,550	Yes
3,000 gallons & up (per vehicle)	42,050	42,050	No
January thru June (50% of discharge permit fee)	50% of fee	50% of fee	No
Waste Hauler Discharge Permit Transfer Fee	205	225	Yes
Industrial/Special Waste Disposal Fee (per 1,000 gallons)	405	405	No
Zero Discharge Permit Fee	205	225	Yes
Sewer Rate - Hauled Waste (1,000 gallons of truck capacity)	50	Delete	Yes
9 Industrial Discharge Control Program Fees By Category			
<u>Industrial Users Subject to Categorical Pretreatment Standards</u>			
Less than 5,000 gpd (double visit)	9,010	9,910	Yes
Greater than 5,000 gpd (double visit)	13,800	15,180	Yes
Non-Discharging Categorical Industries (zero discharge)	2,430	2,675	Yes
<u>Significant Industrial Users</u>			
Less than 25,000 gpd (single visit - priority pollutant sampling)	9,010	9,910	Yes
Greater than 25,000 gpd (double visit - priority pollutant sampling)	13,800	15,180	Yes
Penalty Charge for Late Fee Payment	5% of fee	5% of fee	No
10 Discharge Authorization Permit Fees			
Significant Industrial User - Initial Permit (for 4 years)	10,715	11,785	Yes
Significant Industrial User - Renewal (for 4 years)	5,255	5,780	Yes
Zero-Discharge Initial CIU Permit (for 4 years)	4,065	4,470	Yes
Zero-Discharge Renewal CIU Permit (for 4 years)	2,710	2,980	Yes
Temporary Discharge Permit (non-SIU)	10,715	11,785	Yes
11 Discharge Fees - Food Service Establishment			
Full Permit FSE	745	855	Yes
BMP Permit FSE	220	265	Yes
12 Cross Connection Fees			
Test Report Fee (per report)	60	65	Yes
Base Fee for High Hazard Commercial Water Customer (per month)	28	30	Yes
Base Fee for All Other Commercial Water Customer (per month)	14	15	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2026

Fee/Charge Number and Name	Current	FY 2027 Proposed	Charge Change
METERS AND RELATED SERVICES			
13 Small Meter Replacement Fee (at Customer Request)	\$ 225	\$ 245	Yes
14 Meter Replacement Fees (Damaged or Stolen Meter)			
5/8" w/ touch pad (inside w/remote)	200	220	Yes
5/8" w/ pit pad (outside w/o remote)	210	220	Yes
5/8 Meter - pad encoder	135	150	Yes
5/8" x 3/4" w/ touch pad (inside w/ remote)	200	220	Yes
3/4" w/ touch pad (inside w/ remote)	240	255	Yes
3/4" w/ pit pad (outside w/o remote)	240	255	Yes
1" w/ touch pad (inside w/ remote)	305	310	Yes
1" w/ pit pad (outside w/o remote)	320	320	No
1" Kamstrup Meter, UT	370	370	No
1 1/2" Badger Flanged Meter	795	Delete	Yes
1 1/2" Flanged Meter	860	905	Yes
1 1/2" Nipple Meter	810	810	No
2" Flanged Meter	1,080	1,080	No
2" 15 1/4 Flanged Meter	1,325	1,325	No
3" Compound Meter	2,250	2,250	No
4" Compound Meter	3,300	3,300	No
6" Compound Meter	5,290	5,290	No
Turbine, Horizontal 3" Neptune w/ pit pad	1,490	1,490	No
Turbine, Horizontal 4" Neptune w/ pit pad	1,990	1,990	No
Turbine, Horizontal 6" Neptune w/ pit pad	2,145	3,970	Yes
2" Hersey MVR Turbine	1,020	1,020	No
3" Hersey MVR Turbine	2,845	2,845	No
4" Hersey MVR Turbine	3,975	3,975	No
6" Hersey MVR Turbine	4,880	4,880	No
2" Detector Check	4,755	4,920	Yes
4" Detector Check	3,730	4,260	Yes
6" Detector Check	4,340	4,910	Yes
8" Detector Check	5,585	6,280	Yes
10" Detector Check	6,980	7,715	Yes
12" Detector Check	22,950	23,805	Yes
4" Fire Service Meter	8,700	9,430	Yes
6" Fire Service Meter	10,705	11,480	Yes
8" Fire Service Meter	13,205	16,480	Yes
10" Fire Service Meter	15,130	15,980	Yes
12" Fire Service Meter	21,140	21,995	Yes
5/8" Ultra Sonic	450	505	Yes
5/8" Ultra Sonic Spuds	450	505	Yes
3/4" Ultra Sonic	530	585	Yes
3" Octave UT L=24	3,145	3,145	No
4" Octave UT L=29/ L=33	4,160	4,160	No
6" Octave UT	5,640	5,810	Yes
4" Octave FM	4,200	4,405	Yes
6" Octave UT L=45	6,110	6,110	No
8" Octave UT L=53	10,275	10,965	Yes
10" Octave UT L=68	13,710	14,445	Yes
15 Meter Testing Fees			
5/8" to 1"	280	330	Yes
1-1/2"	450	530	Yes
2" and up	500	585	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2026

Fee/Charge Number and Name	Current	FY 2027 Proposed	Charge Change
METERS AND RELATED SERVICES (Continued)			
16 Sub-Meter Installation Fees			
One-time Sub-Meter Charge - Small	\$ 280	\$ 300	Yes
One-time Sub-Meter Charge - Large	565	610	Yes
One-time Inspection Fee	130	320	Yes
17 Water Turn-Off, Turn-On Fees			
A. Customer Requested - Water Turn-Off, Turn-On Fees			
Small Meter Turn-Off	65	70	Yes
Small Meter Turn-On	100	105	Yes
Large Meter Turn-Off	220	240	Yes
Large Meter Turn-On	255	275	Yes
B. WSSC Water Scheduled Action - Water Turn-Off, Turn-On Fees			
Small Meter Turn-On	145	155	Yes
Large Meter Turn-On	450	485	Yes
18 Call Back Fee (small meters, plumbers)	110	125	Yes
19 Call Back Fee (large meters, plumbers)	385	445	Yes
20 Missed Appointment Fees for Meter Servicing/ Restoration of Service			
First Missed Appointment or Restoration of Service Turn-On	140	160	Yes
Each Additional Missed Appointment	140	160	Yes
21 Meter Reinstallation Fee	385	445	Yes
22 Sewer Meter Maintenance Fee (per year)	22,675	22,675	No
Quarterly Calibrations (per quarter)	5,670	5,670	No
23 Property Inspection Fee	150	Delete	Yes
24 Warehouse Restocking Fee	90	110	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2026

Fee/Charge Number and Name	Current	FY 2027 Proposed	Charge Change
FIRE HYDRANT SERVICES			
25 Temporary Fire Hydrant Connection Fees			
<u>3/4" Meter - Deposit</u>			
3/4" Meter Deposit	\$ 410	\$ 525	Yes
<u>3" Fire Hydrant Meter - Deposit</u>			
3" Fire Hydrant Meter Deposit	2,420	3,080	Yes
<u>Service Charge</u>			
2 Weeks or Less (3/4" meter)	115	Delete	Yes
2 Weeks or Less (3" meter)	130	Delete	Yes
3/4" Meter and 3" Fire Hydrant Meter	190	220	Yes
Water Consumption - 3/4" Meter		Tier 4 ADC rate per 1,000 gallons	Yes
	40		
Water Consumption - 3" Fire Hydrant Meter		Tier 4 ADC rate per 1,000 gallons	Yes
	240		
Daily Rental Rate After Expiration of Permit	10	10	No
Fee on Unpaid Temporary Fire Hydrant Billings		1.5% per month	No
Loss/Destruction of Meter	Replacement cost	Forfeiture of Deposit	Yes
Loss/Destruction of Wrench	40	40	No
26 Truck Inspection Fee with Attached Fire Hydrant Meter (for 2 years)	55	60	Yes
27 Fire Hydrant Flow Test Fees			
No Current Test	755	780	Yes
Current Test	80	80	No

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2026

Fee/Charge Number and Name	Current	FY 2027 Proposed	Charge Change
DEVELOPMENT SERVICES			
28 Feasibility Review Fees (WSSC Water Built)			
Feasibility Submission Fee (non-refundable)	\$ 2,355	\$ 2,605	Yes
Feasibility Review & Report Fee Deposit (can be deferred as deficit when extension is completed)	21,015	23,115	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	No
30 Design Review (SEP / DRP-DR Developer)			
Development is More than 10 Residential Units or Commercial	12,555	12,555	No
Development is 10 Residential Units or Less	8,050	8,050	No
31 Hydraulic Planning Analysis and System Planning Forecast			
Basic Project Category (per Development Services Code)	9,605	12,775	Yes
Moderate Project Category (per Development Services Code)	13,395	17,815	Yes
Complex Project Category (per Development Services Code)	16,325	21,710	Yes
32 Extra Review Fees			
<u>Per SEP Plan Review/ DRP-DR Developer</u>			
Extra Review Minor (additional reviews of unsigned or signed plans per review)	3,020	4,015	Yes
Extra Review Major/Splitting (additional reviews of unsigned or signed plans per review)	6,030	7,000	Yes
<u>Per Site Utility/Minor Utility Additional Unsigned or Signed Plan Review</u>			
Site Utility (per review)	2,540	2,745	Yes
Minor Site Utility (per review)	670	735	Yes
<u>Per Hydraulic Planning Analysis/Systems Planning Forecast Application</u>			
Additional Review of Required Data - HPA/SPF/Non-DR Developer (per review)	2,010	2,675	Yes
33 In-House Design Deposit	Deposit	Deposit	No
34 Partial Certificate of Substantial Completion Release Fee (up to 50% of construction)	1,910	2,065	Yes
35 Off-Property Service Connection Reimbursement	Reimbursement	Reimbursement	No
36 Service Connection Application and Inspection Fee (per permit)	2,430 water and/or sewer connection	2,675	Yes
37 Government Referred Plan Review			
Major Development - Over 10 Units	1,995	2,155	Yes
Minor Development - 10 or Less Units	855	925	Yes
Re-Review Fee for Major Development	855	925	Yes
Re-Review Fee for Minor Development	425	460	Yes
38 Pre-Screen Fee All Development Service Division Plan Types	445	480	Yes
Plumbing/Fuel Gas Plans Reviews Pre-Screen Fee	195	230	Yes
39 Site Utility (On-site) Review Fees			
Base Fee	5,365	6,170	Yes
Additional Fee per 100 feet	480	520	Yes
Minor (Waived) Site Utility (On-Site) Fee	1,795	2,385	Yes
40 Name/Transfer of Ownership Change Fee	380	410	Yes
41 Variance Review Fee	1,650	1,815	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2026

Fee/Charge Number and Name	Current	FY 2027 Proposed	Charge Change
PIPELINE, ENGINEERING AND ENVIRONMENTAL SERVICES			
42 Shutdown/Charge Water Main Fee	\$ 1,375	\$ 1,645	Yes
Shutdown Complex Water Main Fee	3,910	5,280	Yes
43 Review and Inspection Fees for Site Work Potentially Impacting WSSC Water Pipelines			
Minor Project Review - Relocation	420	455	Yes
Complex Review / Non-DR Developer Review	5,760	6,220	Yes
Inspection for Site Work - Minor Adjustment / Non-DR Developer (per inspection)	735	815	Yes
Design Review Major Projects - Requiring New MOU	12,500	12,555	Yes
Major Project Review	2,740	2,820	Yes
44 Connection Abandonment Fees			
County Roads (except Arterial Roads) - Water	2,120	2,545	Yes
County Roads (except Arterial Roads) - Sewer	2,695	3,235	Yes
State Roads and County Arterial Roads - Water	2,550	3,060	Yes
State Roads and County Arterial Roads- Sewer	3,170	3,805	Yes
45 Chlorination Confirmation Test Fee (per first test)	265	300	Yes
Re-Test or Additional Tests (per hour)	215	250	Yes
46 Re-Test or Additional Tests Chlorination and Pressure Test (per test)	215	250	Yes
Inspector Overtime (per hour)	225	260	Yes
47 Review Fee for Additional Reviews of Contract Documents As-Builts (per hour)	206	206	No
48 Residential Outside Meter Housing Upgrade/Pipe Alteration	7,100	7,140	Yes
49 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	No
Major Projects	0.45	0.45	No
Minimum Charge for Major Projects	120	120	No
50 Right-of Way Release (or Subordination) Review Fee (per document)	1,835	1,980	Yes
51 Right-of Way Acquisition and Condemnation for SEP Projects	Reimbursement	Reimbursement	No
52 Environmental Site Review Fee			
With Database Search Submitted by Applicant	535	615	Yes
53 Feasibility Report and Committee Review Fee for On-Site Takeover Projects	2,705	3,245	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2026

Fee/Charge Number and Name	Current	FY 2027 Proposed	Charge Change
PUBLICATIONS AND ADMINISTRATIVE			
54 Plans, Plats and 200' Reference Maps Copies			
Xerographic bond paper copy (per sheet)	\$ 10	\$ 10	No
55 WSSC Water Plumbing and Fuel Gas Code (Plumbing Code)			
Sale of Plumbing Regulation (per book)	65	70	Yes
56 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	No
Facility Contracts (up to \$450)	40 - 450	40 - 450	No
Construction Standard Details	90	105	Yes
Construction General Conditions & Standard Specifications	95	110	Yes
SEP Construction General Conditions & Standard Specifications	95	110	Yes
<u>Procurement Specifications/Drawings/General Conditions</u>			
With Routine Specifications	No charge	No charge	No
With Complex/Voluminous Specifications (up to \$200)	40 - 200	40 - 200	No
57 Photocopies of WSSC Water Documents Charges			
Readily Available Source Material (per single sided page)	0.30	0.30	No
Certified Copy of Readily Available Source Material (per single sided page)	0.60	0.60	No
Scanning Documents (per single sided page)	0.30	0.30	No
(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)			
58 WSSC Water Pipeline Design Manual Fee	95	Delete	Yes
59 WSSD Laws			
Bound Volume	90	90	No
60 Transcribed Tape of a Hearing or Meeting Fee	Prevailing fee charged by vendor	Prevailing fee charged by vendor	No

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2026

Fee/Charge Number and Name	Current	FY 2027 Proposed	Charge Change
OTHER FEES AND CHARGES			
61 Watershed Regulation Violation Civil Citation Fines (State Mandated)			
First Offense	\$ 150	\$ 150	No
Each Additional Offense within Calendar Year	300	300	No
62 General Regulation Violation Civil Citation Fines (State Mandated)			
First Offense	250	250	No
Second Offense	500	500	No
Third Offense	750	750	No
Each Violation in Excess of Three	1,000	1,000	No
63 Lobbyist Registration Fee (Code of Ethics)	125	125	No
64 Dishonored Check Fee & Electronic Payment Fee	35	35	No
(applies to all dishonored checks and dishonored electronic payments)			
65 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	Delete	Yes
66 Protest Filing Fee	1,000	1,080	Yes
67 Preparation of Hold Harmless Agreement Fee	2,180	2,505	Yes
68 Connection Redemption Fee	50	60	Yes
69 Financial Disclosure Filer Late Fee (per day/\$500 max)	5	5	No
70 Antennas on Commission Structures			
New or Modification to Existing Site Application Fee	-	5,000	New
New or Modification to Existing Site Inspection Fee (per hour)	-	85	New
New or Modification to Existing Site Modification Fee	-	Actual Cost + 20%	New

SECTION 3
JUST, ACCOUNTABILITY, CARING, COMMUNITY
FOCUSED, EXCELLENT AND TRUSTWORTHY
(JACCET)

JUST, ACCOUNTABILITY, CARING, COMMUNITY FOCUSED, EXCELLENT AND TRUSTWORTHY

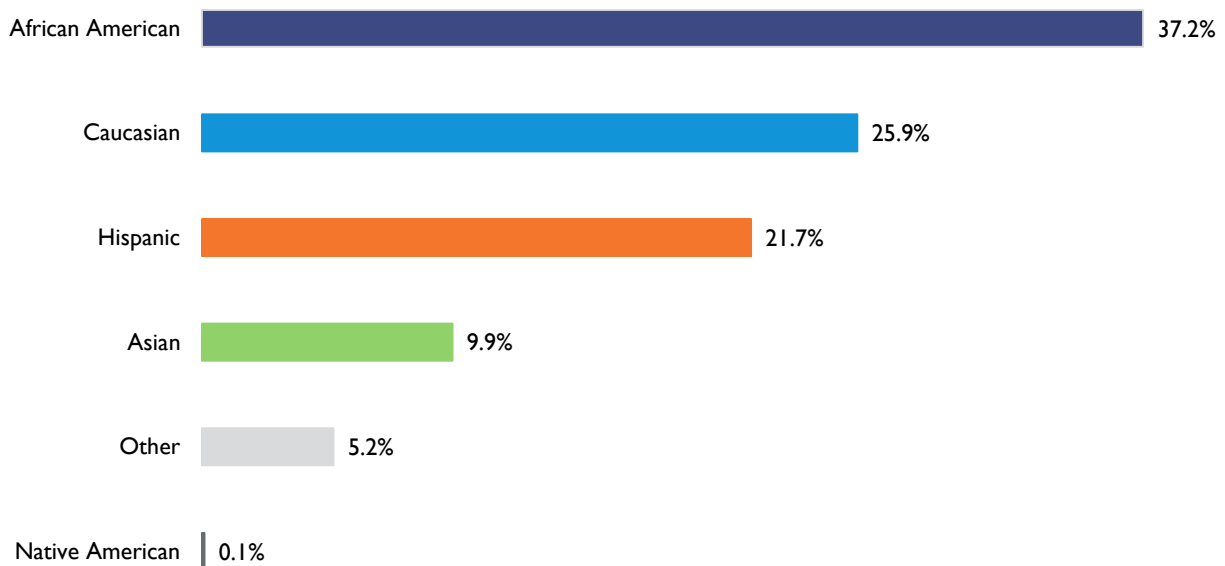
This section includes demographics about our customer base in the provision of water and sewer services, supplier diversity, workforce diversity and customer affordability.

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 2024, which is the latest year for which data is available, but is based on sampling data for calendar years 2020 through 2024 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 37.2% African American, 25.9% Caucasian, 21.7% Hispanic, 9.9% Asian, 5.2% Other, and 0.1% Native American.

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, 30.8% of the population is under 25 years of age, 40.0% is between the ages of 25 and 54, and 29.2% is 55 years of age or older.

Age Bracket	Share of Population (%)
Under 5 Years	5.9%
5 to 14 Years	12.6%
15 to 24 Years	12.3%
25 to 34 Years	12.9%
35 to 44 Years	13.8%
45 to 54 Years	13.3%
55 to 64 Years	13.2%
65 to 74 Years	9.5%
75 to 84 Years	4.6%
85 Years and Over	1.9%
Total	100.0%

As shown in the table below, the median household income for Montgomery and Prince George's Counties was \$117,986 in calendar year 2024. This compares favorably to the state-wide median household income of \$103,678 and the national median household income of \$80,734. This means that the median household income in the two Counties is approximately 13.8% higher than the state-wide figure and 46.1% higher than the national figure.

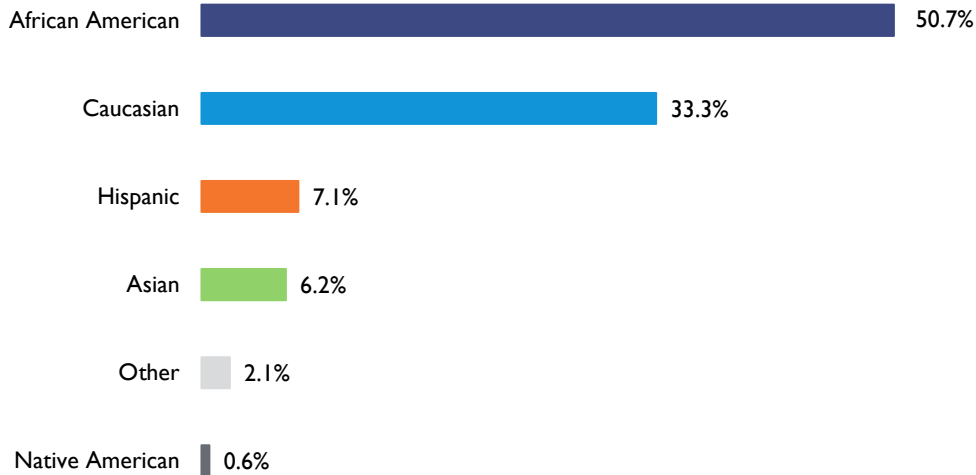
The table below also shows the percent of the population that is below the poverty level in Montgomery and Prince George's Counties combined, the State of Maryland, and the United States. In Montgomery and Prince George's Counties, approximately 9.0% of the population is below the poverty level. This is lower than the 9.4% 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	\$ 117,986	9.0%
Maryland	\$ 103,678	9.4%
United States	\$ 80,734	12.5%

WSSC WATER WORKFORCE DEMOGRAPHICS

WSSC Water employs a diverse, majority-minority workforce. As shown in the chart below, as of June 30, 2024, the workforce is 50.7% African American, 33.3% Caucasian, 7.1% Hispanic, 6.2% Asian, 2.1% Other, and 0.6% Native American. 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 Human Resources Office.

Workforce by Race/Ethnicity



OFFICE OF SUPPLIER DIVERSITY & INCLUSION

The Office of Supplier Diversity and Inclusion (OSDI) administers WSSC Water's Minority Business Enterprise (MBE) and Small Local Business Enterprise (SLBE) programs. OSDI supports WSSC Water's contracting activity by promoting supplier participation, ensuring program oversight and advancing transparent and competitive contracting practices.

OSDI's core functions include supplier advocacy, compliance monitoring, outreach and business development activities designed to ensure that qualified firms are informed, prepared and positioned to compete for WSSC Water contracting opportunities. Through these functions, OSDI supports the effective use of public resources and strengthens the supplier base supporting WSSC Water's mission.

WSSC Water's work extends beyond its core mission of delivering safe and reliable water and wastewater services. In addition to protecting public health and safeguarding the environment, WSSC Water's investment in critical infrastructure supports economic activity throughout its service area. Infrastructure funding contributes to job creation, business growth and regional economic development. Every \$1.0 million invested in water projects has an economic impact of 15 to 18 jobs, comparable to investments in clean energy, healthcare and defense.

WSSC Water serves as an anchor institution whose contracting investments function as a building block for economic participation and community vitality. This role is reflected in the scale, consistency and geographic reach of the Commission's contracting activity.

MBE Program

In FY 2025, WSSC Water spent more than \$190.1 million with MBE firms. This represents 32% of the total contract payments in FY 2025 for architectural and engineering services, construction services, goods and general services and professional services. Approximately 87% of MBE payments in FY 2025 went to firms located in the State of Maryland or Washington D.C. and about 53% 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 \$1.9 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.

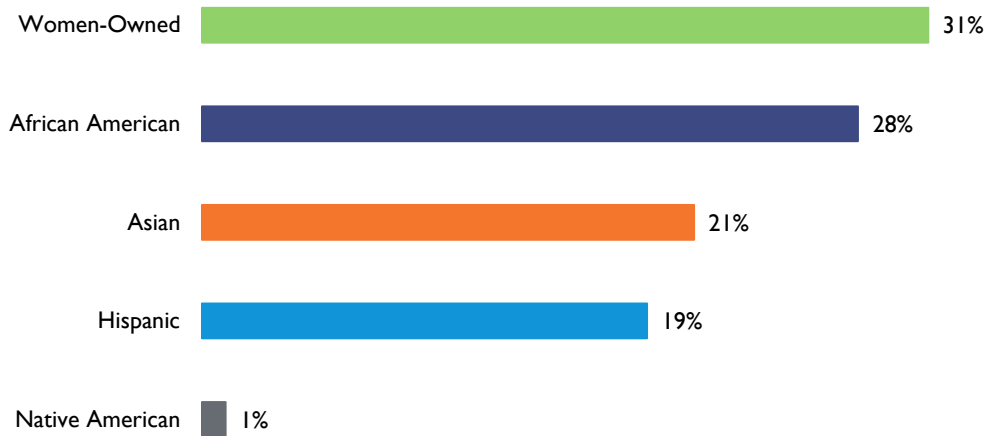
Fiscal Year	MBE Contract Payments	Total Contract Payments	MBE Share (%)
2021	154,826,411	474,978,466	33%
2022	140,418,391	506,532,398	28%
2023	148,428,314	532,576,797	28%
2024	173,522,588	509,302,049	34%
2025	190,170,646	591,946,496	32%
Total	\$ 807,366,350	\$ 2,615,336,206	31%

The chart below shows the breakdown of the FY 2025 contract payments by the type of MBE firm that received the payments. As shown in the chart, Women-Owned firms received the largest share of the MBE contract payments with a 31% share.

OFFICE OF SUPPLIER DIVERSITY & INCLUSION (Continued)

MBE Program (Continued)

Share of Contract Payments



The MBE Program also tracks contract awards as they are a leading indicator of future contract payments to MBE firms. In FY 2025, WSSC Water awarded approximately \$202.2 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 34% of the approximately \$597.5 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 2025, approximately \$44.1 million was spent with SLBE firms for architectural and engineering services, construction services, goods and services and professional services. In addition, approximately \$42.9 million was awarded in contracts to SLBE firms in these four contracting areas in FY 2025.

Anchor-Institution Investment in Practice

WSSC Water's infrastructure investments also generate measurable employment and business impacts. One example is the newly expanded, technologically advanced \$38.0 million water quality laboratory, which supported 350 jobs. Five MBE firms participated in the project, contributing to an MBE utilization rate of 21% and delivering \$5.6 million in contracts to small business partners.

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>.

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 2023	FY 2024	FY 2025	FY 2026	FY 2027
Flexible Payment Plans - Contract	\$ -	\$ -	\$ 3,300,000	\$ 3,630,000	\$ 3,630,000
Customer Assistance Program	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Bill Adjustments	1,212,000	1,212,000	1,212,000	1,212,000	1,212,000
Water Fund Donation			500,000	750,000	750,000
CAP Leak Repair Program			350,000	350,000	700,000
PipeER Program	100,000	100,000	200,000	200,000	200,000
New/Enhanced Program TBD	-	-	-	525,000	1,948,400
Total Budget for Assistance Programs	\$ 3,512,000	\$ 3,512,000	\$ 7,762,000	\$ 8,867,000	\$ 10,640,400

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 over the years from FY 2023 through FY 2027. As shown in the table, WSSC Water has increased the funding for its financial assistance programs by approximately 20.0% from last year, from about \$8.9 million in FY 2026 to \$10.6 million in FY 2027.

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>.

Flexible Payment Plans

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 the Customer Assistance Program (CAP) may also be eligible for a flexible payment plan lasting up to 48 months. In partnership with Promise, WSSC Water 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 contract is funded with \$3.6 million in the FY 2027 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.

Customer Assistance Program

WSSC Water's 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 at \$60.52 per quarterly bill or \$242.08 per year in FY 2027, which is equivalent to the fees for a 3/4" meter. The cap will increase to. 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. Once WSSC Water receives verification from OHEP, customers are enrolled in the CAP program and remain enrolled for two years. The credit for the fixed fees will be applied retroactively to July 1 for the approved CAP participants.

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 2025, there were 8,564 active accounts enrolled in the CAP. For FY 2025, a total of over \$1.5 million in fixed fees had been waived.

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. Customers who do not wish to apply for CAP can apply separately for this exemption by applying and supporting documents directly to WSSC Water.

WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

Customer Assistance Program (Continued)

The current income eligibility criteria established by OHEP for its energy assistance program are outlined in the following table.

Income Eligibility Limits Effective July 1, 2025 to June 30, 2026 (Based on 200% of the Federal Poverty Level)		
Household Size	Maximum Gross Monthly Income Standards	Maximum Gross Annual Income Standards
1	\$ 2,608	\$ 31,300
2	3,525	42,300
3	4,442	53,300
4	5,358	64,300
5	6,275	75,300
6	7,192	86,300
7	8,108	97,300
8	9,025	108,300
For Each Additional Person, Add	917	11,000

Reinforcing the commitment to providing greater financial relief to customers struggling to pay their water/sewer bills, WSSC Water launched two new temporary assistance programs starting from December 1, 2025 - Get Current Temporary Water Bill Assistance Program and Emergency Customer Relief Fund.

Get Current Temporary Water Bill Assistance Program

The program helps eligible customers with a delinquent balance as of October 1, 2025 by offering forgiveness of a portion of their balance and waiving 100% of late payment charges and turn-on fees. The program runs from December 1, 2025 through December 31, 2025. Eligible residential customers whose household income is below 150% of the Fiscal Year 2025 Area Median Income and those who were impacted by the federal government shutdown may receive the following benefits beginning December 1:

- Pay half, half forgiven: Customers who pay half of their account balance (as of the date of their Get Current application) will have the remaining balance forgiven
- Pay 25 percent, 25 percent forgiven: Customers who pay 25 percent of their full account balance (as of the date of their Get Current application) will have 25 percent of their balance forgiven

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 with the total fund amount of \$2.4 million. The fund is on a first-come, first serve basis. Customers can call 202-488-2100 or email wsscwaterrelief@uwnca.org for questions about the application or technical assistance.



Behind on your WSSC Water bill? Get Current

**Pay HALF of
Full Account
Balance**

\$

**Remaining
Balance
=**

\$0.00

PLUS!

100%
late payment charges
& turn-on fees **WAIVED**



APPLY TODAY

wsscwater.com/getcurrent



Program runs through Dec. 31

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 an average of \$15 per quarter or \$60 per year for each home 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.

The current income eligibility criteria for the Bay Restoration Fund Exemption Program are outlined in the Income Eligibility Limits table under the Customer Assistance Program. 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

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)
- Sewer only adjustment for water lost to a leak that does not enter the sewer system (residential or commercial, single or multi-unit)

WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

Bill Adjustments (Continued)

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>.

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 within any three-year period. CAP customers will qualify for a high bill adjustment if the high usage is at least 2.5 times greater than their historical usage.

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 Income Eligibility Limits table under the Customer Assistance Program.

The Water Fund is funded 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. 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 \$3.7 million to help over 31,300 people throughout Montgomery and Prince George's counties. In FY 2025, the Water Fund provided water bill assistance to 3,046 people by disbursing more than \$477,000 in aid.

CAP Leak Repair Program

CAP-enrolled customers impacted by an on-property leak are eligible to participate in the CAP Leak Repair Program. The budget for this program is \$700,000 for FY 2027, double the FY 2026 budget of \$350,000. The program is administered by Habitat for Humanity, Metro Maryland 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. Eligible services include repair/replacement of leaking plumbing fixtures such as toilets, faucets, shower heads or external hose bibs, internal water pipes, external on-property water service lines and leaking water heaters.

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 and sewer service lines, which are located on their properties and connect WSSC Water's main line to their home. The Program also covers diagnostic work, like camera inspections to diagnose pipe issues.

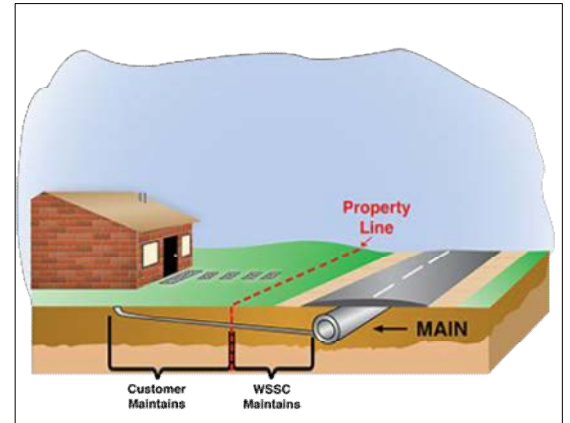
PipeER was established during 2018 Maryland legislative session, when House Bill 408 was passed and subsequently expanded in 2024. The legislation requires an annual budget of \$200,000 for the loan program per year, from FY 2024 through FY 2034. Qualified WSSC Water customers are eligible to receive maximum loan of \$10,000. The funds are available on a first come, first served basis each fiscal year 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 limits 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. In FY 2025, WSSC Water enrolled 123 CAP-enrolled homeowners in the program.

WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

PipeER Program (Continued)

The PipeER Program is administered by the WSSC Federal Credit Union, which includes underwriting and administering 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
- Sewer line diagnostics may be performed by Registered Licensed WSSC Water Plumbers without receipt of a quote.



Additional information, including guidance on how to enroll in this program, can be found on our website at [PipeER Loans | WSSC Federal Credit Union](#).

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 establish 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 the 2020-2024 data from the U.S. Census Bureau's American Community Survey, the median household income for Montgomery and Prince George's Counties was \$117,986 in calendar year 2024, which is the latest year for which data is available. Based on the FY 2027 proposed rates, WSSC Water's average annual residential bill for water and sewer services at 145 gallons per day is approximately \$1,239. 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 approximately 1.0% of the median household income in FY 2027, absent any changes in household income between 2024 and 2027. This level is well below the 4.5% standard set by the EPA.

Median Household Income	Average WSSC Water Bill*	Share of Median Income
\$ 117,986	\$ 1,239	1.1%

Median household income figures from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2020-2024.

*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 2020 to FY 2024 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 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual
1-person Household	0.6%	0.6%	0.5%	0.6%	0.6%
2-person Household	0.5%	0.5%	0.5%	0.5%	0.5%
3-person Household	0.6%	0.6%	0.6%	0.6%	0.6%
4-person Household	0.8%	0.8%	0.7%	0.8%	0.8%
5-person Household	1.0%	1.0%	1.0%	1.1%	1.1%
6-person Household	1.3%	1.3%	1.3%	1.4%	1.3%
7-or-more Person Household*	1.5%	1.6%	1.5%	1.6%	1.6%

Median household income figures from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2016-2020, 2017-2021, 2018-2022, 2019-2023 and 2020-2024.

*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 \$26,220 per year. At this level of income, a three-person household would spend about 4.7% of their annual income on water and sewer services, which is slightly higher than the 4.5% EPA affordability threshold. This is because the household income data is based on the 5-year data from the U.S. Census Bureau's American Community Survey for 2020-2024, while the average WSSC Water Bill is based on the FY 2027 proposed rates.

Quintile	Average Household Income	Average WSSC Water Bill*	Share of Average Income
First	\$ 26,220	\$ 1,239	4.7%
Second	72,782	1,239	1.7%
Third	118,812	1,239	1.0%
Fourth	181,086	1,239	0.7%
Fifth	375,296	1,239	0.3%

Average household income figures from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2020-2024.

*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 fifth income bracket (\$25,000-\$29,999 per year). The income at which the 4.5% threshold is crossed for a three-person household is about \$27,535 per year. The first through fifth income brackets contain approximately 11.1% of households, so the average bill for a three-person household would exceed the EPA threshold for fewer than 11.1% 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	28,711	3.9%	\$ 1,239	N/A	12.4%
10,000	14,999	14,091	1.9%	1,239	12.4%	8.3%
15,000	19,999	11,623	1.6%	1,239	8.3%	6.2%
20,000	24,999	13,063	1.8%	1,239	6.2%	5.0%
25,000	29,999	13,938	1.9%	1,239	5.0%	4.1%
30,000	34,999	15,454	2.1%	1,239	4.1%	3.5%
35,000	39,999	15,611	2.1%	1,239	3.5%	3.1%
40,000	44,999	15,262	2.1%	1,239	3.1%	2.8%
45,000	49,999	17,285	2.3%	1,239	2.8%	2.5%
50,000	59,999	34,014	4.6%	1,239	2.5%	2.1%
60,000	74,999	53,874	7.3%	1,239	2.1%	1.7%
75,000	99,999	85,781	11.6%	1,239	1.7%	1.2%
100,000	124,999	78,410	10.6%	1,239	1.2%	1.0%
125,000	149,999	62,326	8.5%	1,239	1.0%	0.8%
150,000	199,999	96,085	13.0%	1,239	0.8%	0.6%
200,000	N/A	181,426	24.6%	1,239	0.6%	N/A
Total		736,954	100.0%			

Income bracket information from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2020-2024.

*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. Both programs provide assistance for single-person households with annual incomes of up to \$31,300. For a three-person household, the income limits increase to \$53,300. 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 and the Water Fund provide 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 \$242.08 in assistance will be available in FY 2027 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 \$1,239 per year to \$997 per year. The income at which the 4.5% threshold is crossed for a three-person household would similarly decrease from about \$27,535 per year to \$22,155 per year. Consequently, the percentage of households for which the average three-person bill would exceed the EPA threshold would drop to approximately 8.1%, from the previous figure of less than 11.1%. 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	28,711	3.9%	\$ 997	N/A	10.0%
10,000	14,999	14,091	1.9%	997	10.0%	6.6%
15,000	19,999	11,623	1.6%	997	6.6%	5.0%
20,000	24,999	13,063	1.8%	997	5.0%	4.0%
25,000	29,999	13,938	1.9%	997	4.0%	3.3%
30,000	34,999	15,454	2.1%	997	3.3%	2.8%
35,000	39,999	15,611	2.1%	997	2.8%	N/A

Income bracket information from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2020-2024.

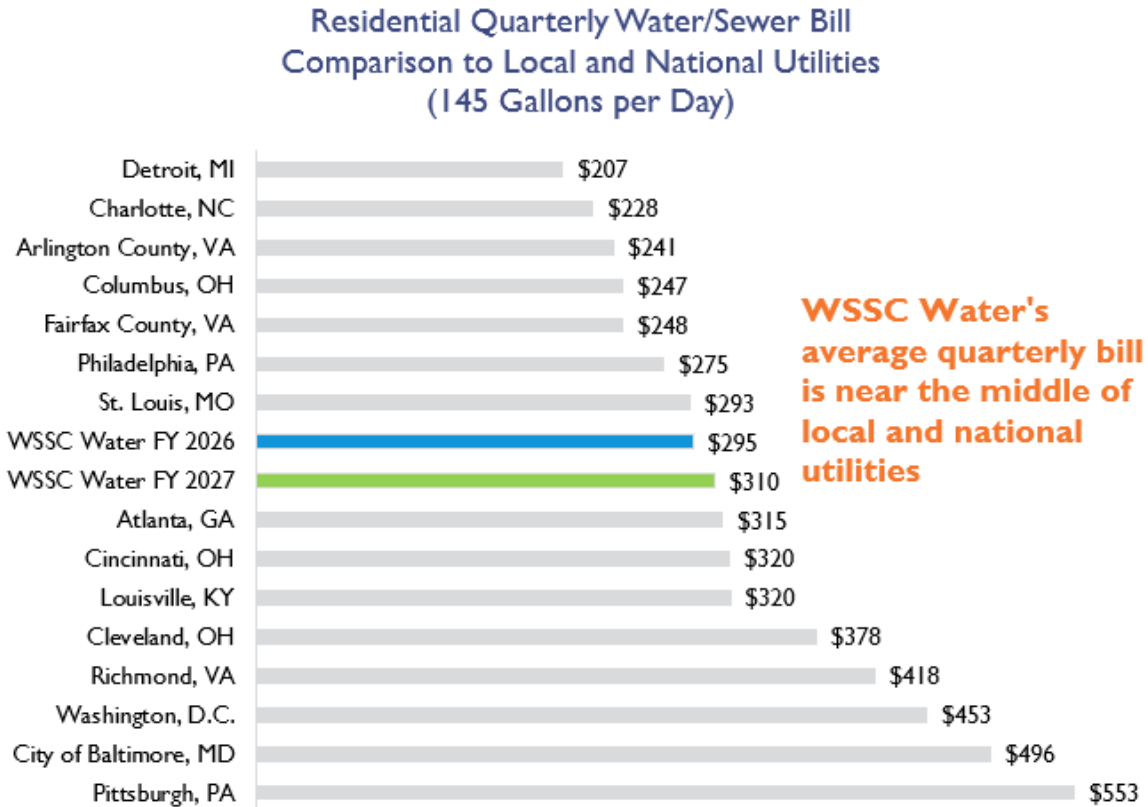
*The average WSSC Water bill is based on a 3-person household using 48.3 gallons of water per person per day.

†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 15 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 2026 approved and FY 2027 proposed rates. As shown in the chart, the quarterly bills in the other communities range from a low of \$207 in Detroit, Michigan to a high of \$553 in Pittsburgh, Pennsylvania. WSSC Water ranks near the middle of the local and national utilities, with quarterly bills of \$295 in FY 2026 and \$310 in FY 2027. This shows that WSSC Water's rates and fees are competitive both locally and nationally.



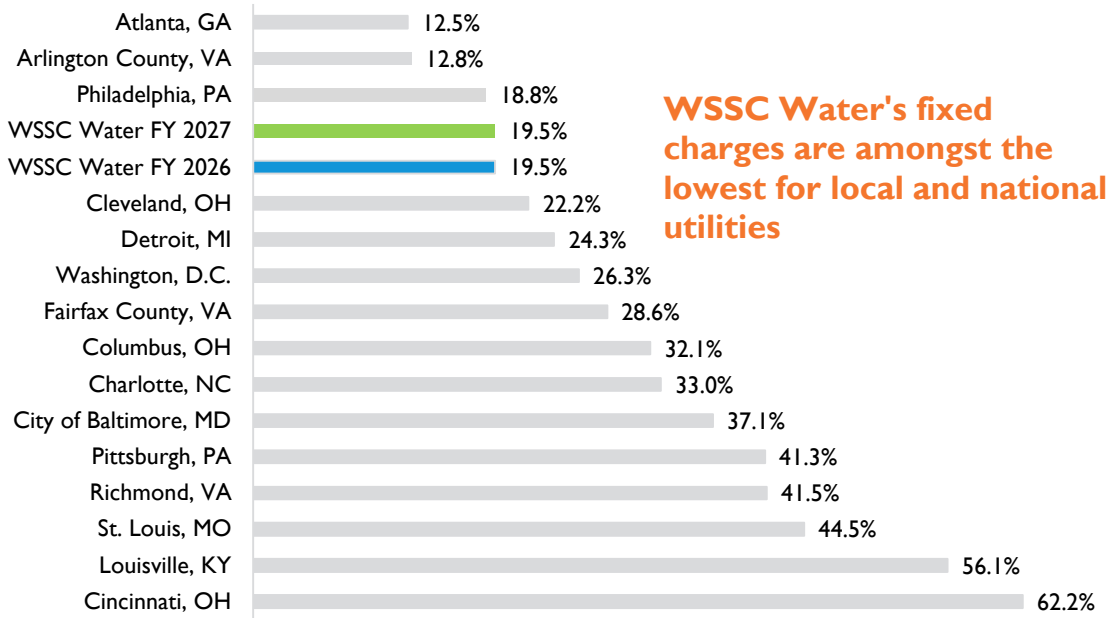
The rates and fees used in this comparison were in effect as of December 2025

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 15 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 19.5% in both FY 2026 and FY 2027. 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)

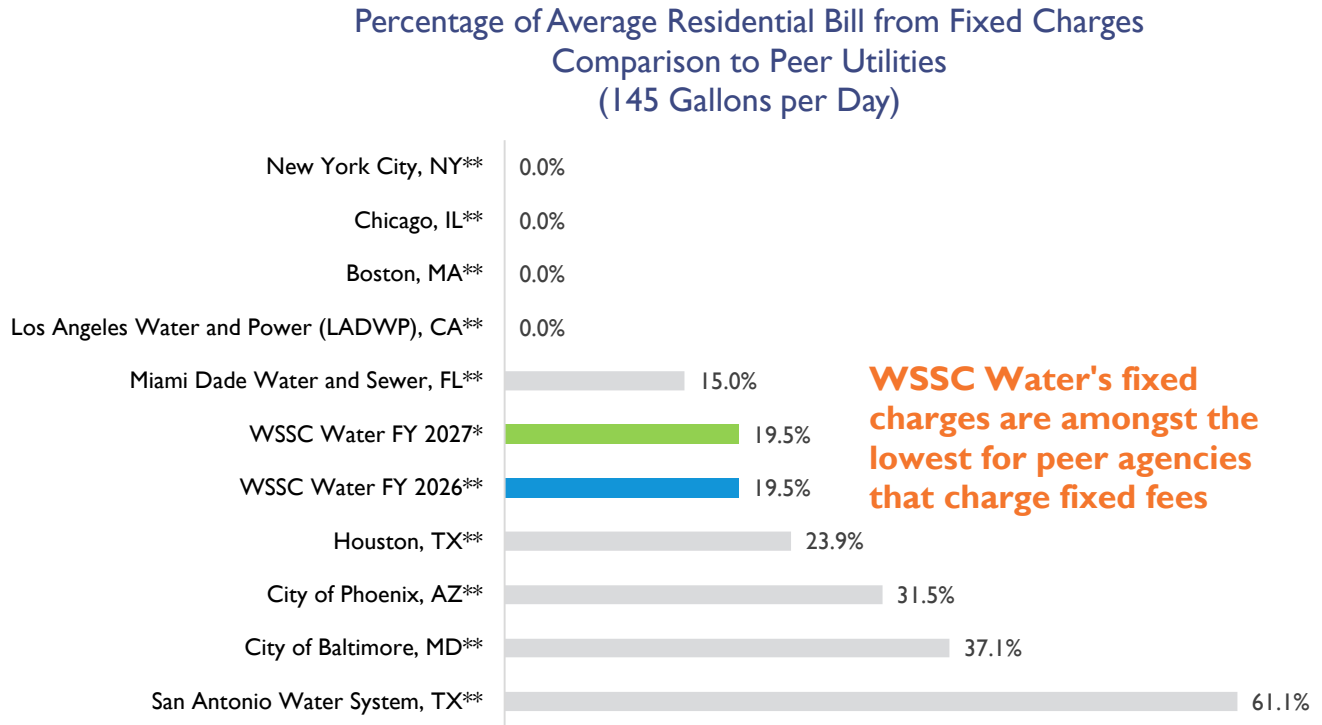


The rates and fees used in this comparison were in effect as of December 2025

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 9 peer utilities. Four of the peer utilities (New York City, NY; Boston, MA; Chicago, IL; and Los Angeles, CA) 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 amongst the lowest as a percentage of the average bill.

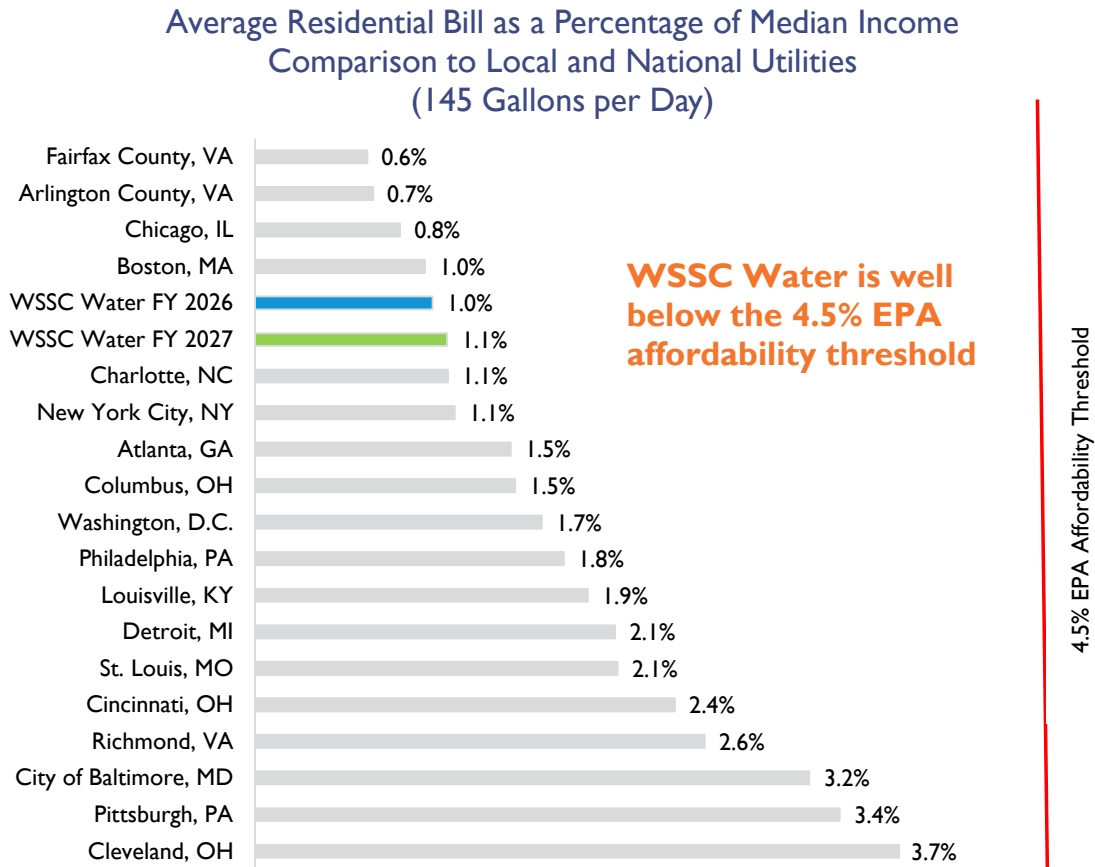


* FY 2027 Proposed ** FY 2026 Approved
The rates and fees used in this comparison were in effect as of December 2025

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 2027 is approximately 1.0% of the median household income of its customers, same as FY 2026. This places WSSC Water among the most affordable of the local and national utilities, with only three utilities (Fairfax County, Virginia, Arlington County, Virginia and Chicago, IL) having lower percentages and one utility (Boston, MA) having equal percentage. Additionally, WSSC Water is well below the 4.5% threshold that the EPA considers to be affordable for customers.

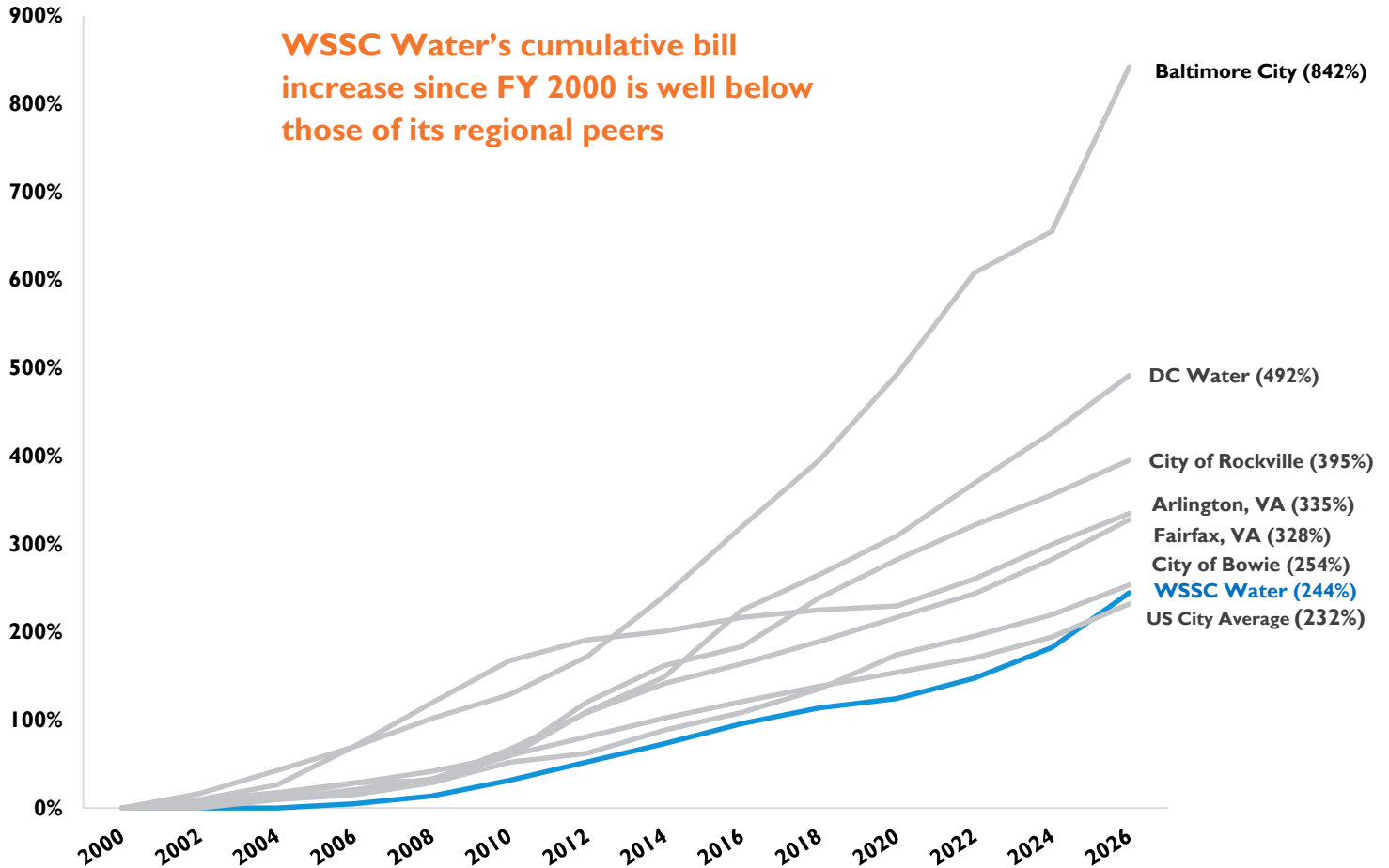


The rates and fees used in this comparison were in effect as of December 2025. Median household income figures (in 2024 dollars) from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2020-2024.

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 2000-2026. 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 244% over the last 26 years, which is lower than the increases for all of the peer utilities and slightly higher than the U.S. city average over the same time period. The increases for the comparable regional providers range from a low of 254% for Bowie, Maryland to a high of 842% for Baltimore City, Maryland. The U.S. city average increased by 232% over the 26-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 2025 = FY 2026).

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 2024. The data shows that in 2024 the average cost of electricity from the local providers in Montgomery and Prince George's Counties was approximately \$161 per month. For cell phone service, the 2024 data for the South Census Region, which includes the State of Maryland, has a monthly cost of about \$113. The average monthly cost of water and sewer services from WSSC Water, based on a three-person household using FY 2024 rates and fees, was only about \$81 in comparison. This means that the monthly cost of water and sewer was only around 50% of the cost of electricity and 72% of the cost of cell phone service in 2024.

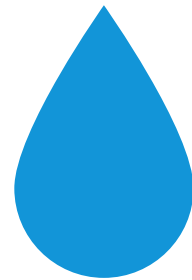
In 2024, the average household spent per month...



\$161
on electric service



\$113
on cell phone
service



\$81
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), 2024 Electricity Reports.
Cellular phone service expenditures from the U.S. Bureau of Labor Statistics (www.bls.gov), Consumer Expenditure Survey, December 2025.
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, analyses 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 2027 Spending Affordability Guidelines (SAG) rate increase recommended by Prince George's County was 5.0% for both water and sewer volumetric and ready-to-serve charges and 6.0% by Montgomery County. WSSC Water proposed a 6.0% revenue enhancement which comprises of a 5.0% average water and sewer volumetric and fixed fees rate increase. The additional 1.0% is achieved using one-time revenue from interest income and a temporary rate stabilization fund. Proposed expenditures are within spending affordability guidelines.

A long-range financial plan (the Plan) complements the spending affordability process by utilizing approved SAG limits to forecast outer years 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 2027 SAG process.

- Fund Balance (Accumulated Net Revenue) – It was assumed for the purpose of preparing the FY 2027 Proposed Budget that, at the end of FY 2026, accumulated net revenues for the water and sewer operating funds would total \$397.9 million. For FY 2027, the total water and sewer operating revenues are \$1,177.8 million; therefore, at least \$235.6 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 \$392.4 million exceeds the reserve target and is 33.3% of the total operating revenues.
- Water Consumption and Sewer Use Revenues – The estimated FY 2027 revenues from water consumption and sewer use charges are \$425.0 million and \$512.2 million, respectively. Water production is assumed to be 162.1 million gallons per day (MGD) in FY 2027 and water consumption is projected to increase from 127.0 MGD in FY 2026 to 127.6 MGD in FY 2027.
- 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 2027 Capital Budget is \$741.6 million.
- Debt Issuance – The new debt issuance estimates for FY 2027 assume \$277.3 million in Water Supply bonds and \$213.8 million in Sewage Disposal bonds. The water and sewer issues will be 30-year bonds with an estimated 4.5% average interest rate.
- Reconstruction Debt Service Offset (REDO) – There will be no transfer in FY 2027 as the fund balance has been spent down as planned.
- Workforce and Compensation – Authorized workyears remain at 2,040. A marker is included for salary enhancements in the FY 2027 budget.

LONG-RANGE FINANCIAL PLAN FOR WATER AND SEWER OPERATING FUNDS

(\$ in thousands)	FY 2026 Approved	FY 2027 Proposed	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected	FY 2032 Projected
New Water and Sewer Debt Issues	\$ 494,441	\$ 491,102	\$ 610,388	\$ 647,047	\$ 604,514	\$ 556,242	\$ 527,538
Water and Sewer Combined Rate Increase (Average)	9.5 %	5.0 %	8.2 %	7.5 %	6.3 %	5.8 %	4.7 %
Operating Revenues							
Consumption Charges	\$ 892,540	\$ 937,167	\$ 1,019,697	\$ 1,096,175	\$ 1,165,234	\$ 1,232,817	\$ 1,290,459
Account Maintenance Fees (AMF)	69,493	72,124	78,039	83,892	89,176	94,349	98,760
Infrastructure Investment Fees (IIF)	85,782	88,904	96,194	103,408	109,923	116,298	121,735
Rockville Sewer Use	4,500	4,650	4,700	4,750	4,800	4,800	4,800
Plumbing and Inspection Fees	22,610	23,289	23,989	24,708	25,450	26,213	27,000
Grants Revenue	3,171	2,500	2,500	2,500	2,500	2,500	2,500
Miscellaneous	27,800	29,730	30,047	30,366	30,687	31,014	31,345
Renewable/Natural Gas Sales	7,107	5,988	5,987	6,750	6,750	6,750	6,750
Interest Income	14,000	18,907	8,000	8,000	8,000	8,000	8,000
Uncollectible	(4,961)	(5,491)	(5,970)	(6,417)	(6,822)	(7,217)	(7,555)
Total Operating Revenues	\$ 1,122,042	\$ 1,177,768	\$ 1,263,183	\$ 1,354,132	\$ 1,435,698	\$ 1,515,524	\$ 1,583,794
Other Credits and Transfers							
Use of Fund Balance	-	5,500	-	-	-	-	-
SDC Debt Service Offset	5,772	5,748	5,723	5,710	5,710	5,707	5,698
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Cost Sharing Reimbursement	688	2,982	2,980	5,090	145	145	-
Total Funds Available	\$ 1,130,502	\$ 1,193,998	\$ 1,273,886	\$ 1,366,932	\$ 1,443,553	\$ 1,523,376	\$ 1,591,492
Operating Expenses							
Salaries & Wages	199,283	212,946	222,038	232,030	242,472	253,383	264,785
Heat, Light & Power	29,200	31,866	32,826	33,815	36,682	37,966	39,294
Regional Sewage Disposal	83,661	89,667	93,253	96,984	100,863	104,898	109,094
All Other	351,557	371,073	384,836	402,595	411,283	442,925	460,053
Total Operating Expenses	\$ 663,701	\$ 705,552	\$ 732,953	\$ 765,424	\$ 791,300	\$ 839,172	\$ 873,226
Debt Service							
Bonds and Notes Principal and Interest	373,801	388,446	426,597	465,303	500,309	528,190	547,521
Other Transfers and Adjustments							
PAYGO	93,000	100,000	114,336	136,205	151,944	156,014	170,745
Total Expenses	\$ 1,130,502	\$ 1,193,998	\$ 1,273,886	\$ 1,366,932	\$ 1,443,553	\$ 1,523,376	\$ 1,591,492
Net Revenue (Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance - July 1	\$ 395,379	\$ 397,941	\$ 392,441	\$ 392,441	\$ 392,441	\$ 392,441	\$ 392,441
Net Increase (Decrease) in Fund Balance	2,562	-	-	-	-	-	-
Use of Fund Balance	-	(5,500)	-	-	-	-	-
Ending Fund Balance - June 30	\$ 397,941	\$ 392,441	\$ 392,441	\$ 392,441	\$ 392,441	\$ 392,441	\$ 392,441
Debt Service as a % of Total Expenses (< 40% Target)	33.1 %	32.5 %	33.5 %	34.0 %	34.7 %	34.7 %	34.4 %
Debt Service Coverage "Stress Case" (>= 1.5 Target)	1.4	1.3	1.3	1.3	1.3	1.3	1.3
Leverage Ratio "Stress Case" (<8.0x)	8.6x	8.9x	8.9x	8.8x	8.7x	8.8x	8.8x
Days-Cash-on-Hand "Stress Case" (250 Days Target)	240	197	172	168	164	155	147
End Fund Balance as a % of Operating Revenue (min. 20%)	35.2 %	33.3 %	31.1 %	29.0 %	27.3 %	25.9 %	24.8 %
Total Workyears (All Funds)	2,040	2,040	2,040	2,040	2,040	2,040	2,040

- The FYs 2028-2032 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 2027 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). Other data used to calculate the leverage ratio is derived from the Audited Financial Statements
- 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.
- 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 2026 mid-year adjustments resulted in an increase in Net Revenue
- The "Stress Case" assumes an increase in capital costs of 10%. This is consistent with how Fitch Ratings, Inc. calculates the Leverage Ratio and Days-Cash-on-Hand as part of their annual surveillance review

MAJOR ASSUMPTIONS, WORKLOAD INDICES AND DEMAND PROJECTIONS

The following table presents data used during the SAG process to develop the FY 2027 Proposed Budget.

Workload Data	Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025	Projected FY 2026 FY 2027	
Water and Sewer Combined Rate Increase	6.0%	5.9%	6.5%	7.0%	8.5%	9.5%	5.0%
Population to be Served (000s)	1,915	1,939	1,966	1,976	1,986	1,997	2,008
Customer Accounts (000s):	467	469	472	473	475	480	482
Residential	95.4%	94.4%	94.4%	94.8%	94.8%	94.8%	94.8%
Commercial and Industrial	3.7%	4.7%	4.7%	4.6%	4.6%	4.6%	4.6%
Government and Other	0.9%	0.9%	0.9%	0.6%	0.6%	0.6%	0.6%
Water Program:							
Water Production (Average MGD)	162.8	161.2	157.7	160.8	167.9	162.0	162.0
Water Consumption (Average MGD)	126.4	127.2	126.0	127.6	129.5	127.0	127.0
Water Mains Maintained (Miles)	5,869	5,884	5,900	5,931	5,997	6,000	6,031
Water House Connections Maintained (000s)	473	475	478	482	486	488	491
Sewer Program:							
Sewage Treated (Average MGD)	204.1	184.3	177.8	188.4	176.5	193.0	195.0
Sewer Use (Average MGD)	114.6	114.6	113.1	112.2	113.5	114.0	114.0
Sewer Mains Maintained (Miles)	5,615	5,624	5,632	5,655	5,677	5,700	5,711
Sewer House Connections Maintained (000s)	445	446	449	452	455	458	460
House Connections added:							
Water (000s)	2.6	2.6	2.9	3.4	3.8	3.0	3.0
Sewer (000s)	1.9	1.9	2.3	2.9	3.1	2.4	2.4
New Water & Sewer Bond & Notes Debt Issues (\$ in millions)	312	327	317	312	312	494	491
Average Annual Interest Rate for New Bond Issuance	2.44%	2.68%	4.35%	4.21%	4.37%	4.50%	4.50%
Total Workyears							
Total Workyears	1,678.5	1,641.4	1,632.1	1,667.1	1,758.2	2,040.0	2,040.0

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 2024 is \$198.6 million and the net pension liability is 17.4% of the total pension liability. The actuarial assumptions for pension are: 2.5% inflation factor, salary increase, and 7.0% investment rate of return.

	2020	2021	2022	2023	2024	Five-year
(\$ in thousands)	December	December	December	December	December	Average
Assets Net Position	\$ 897,605	\$1,012,092	\$ 828,595	\$ 902,939	\$ 940,726	\$ 916,391
Total Pension Liability	1,019,218	1,036,773	1,082,195	1,106,445	1,139,309	1,076,788
Net Pension Liability	121,613	24,681	253,600	203,506	198,583	160,397
Fiduciary net position	88.1%	97.6%	76.6%	81.6%	82.6%	85.3%

Net Pension Liability is shown at Current Discount Rate of 7.0%

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 2024 is \$14.2 million and net OPEB liability is 5.6% of the total OPEB liability. The actuarial assumptions for OPEB are: 2.5% inflation factor, a salary increase, and 7.0% investment rate of return.

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

	2020	2021	2022	2023	2024	Five-year
(\$ in thousands)	December	December	December	December	December	Average
Assets Net Position	\$ 180,521	\$ 211,333	\$177,823	\$ 209,488	\$ 239,992	\$ 203,831
Total OPEB Liability	265,766	248,556	257,682	246,221	254,199	254,485
Net OPEB Liability	85,245	37,223	79,858	36,734	14,207	50,653
Fiduciary net position	67.9%	85.0%	69.0%	85.1%	94.4%	80.3%

Net OPEB Liability is shown at Current Discount Rate of 7.0%

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 2027 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 a 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 a 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 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.

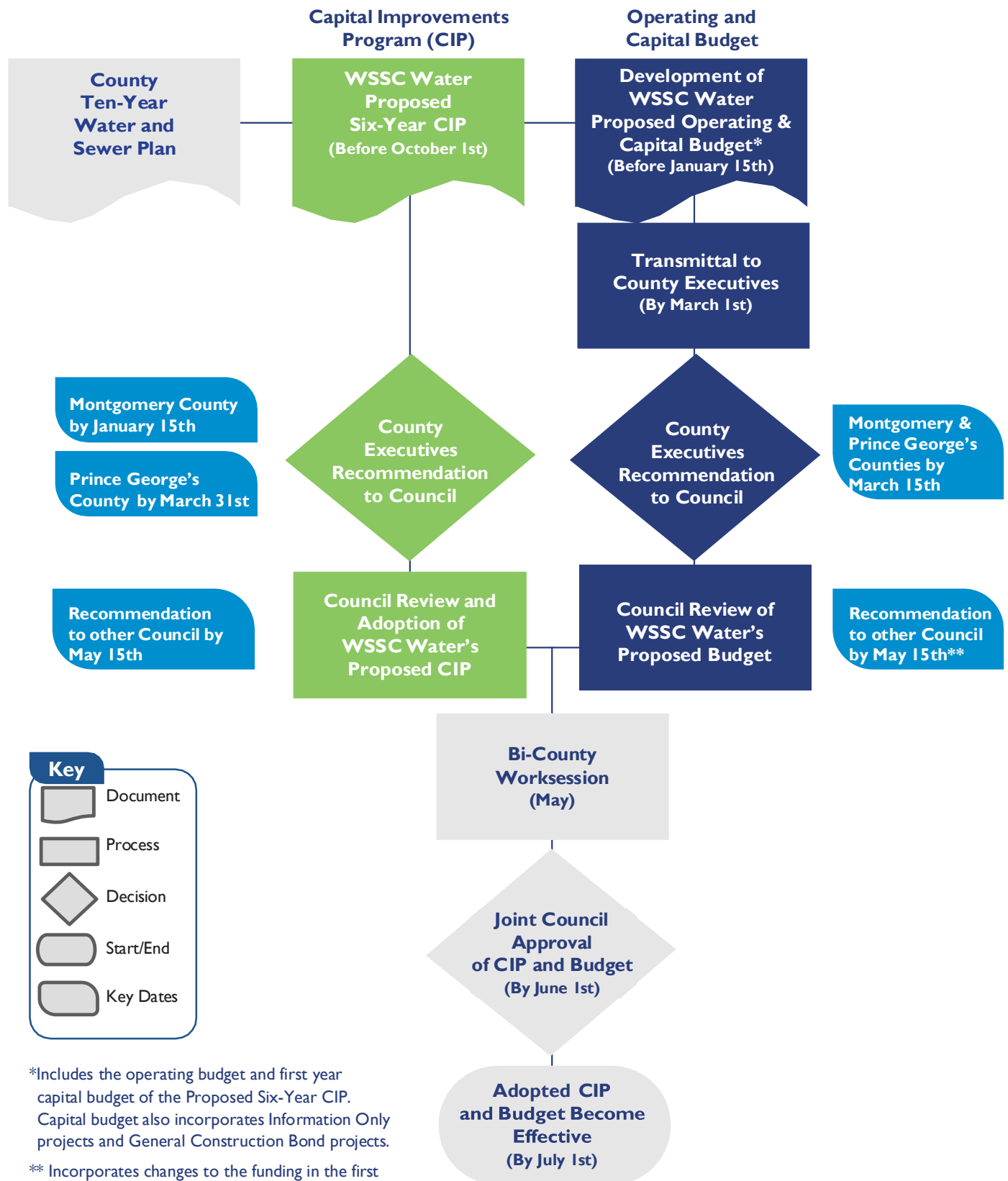
Operating Budget

Preparation of the 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/financereports>.

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

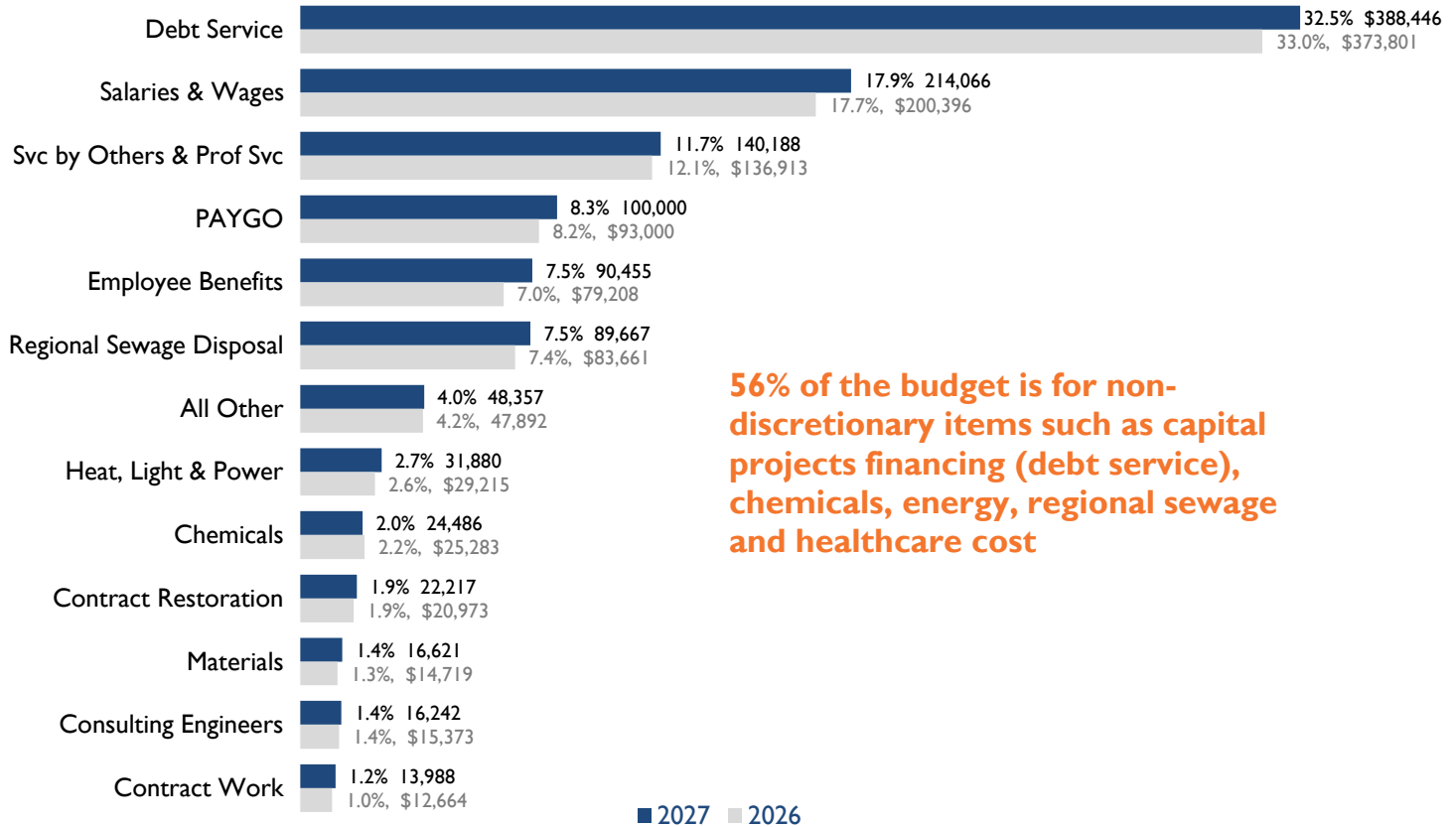
WSSC Water issues General Construction Bonds (Capital Fund) to pay for the construction of minor water and sewer lines (water distribution lines less than 16" in diameter and sewer lines less than 15" in diameter) and support facilities. General Bond Debt Service Fund revenues - customer payments for 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 2027 PROPOSED BUDGET – BY MAJOR EXPENSE CATEGORIES

(\$ in thousands)

FY 2027 Total Operating Budget = \$1,196,613

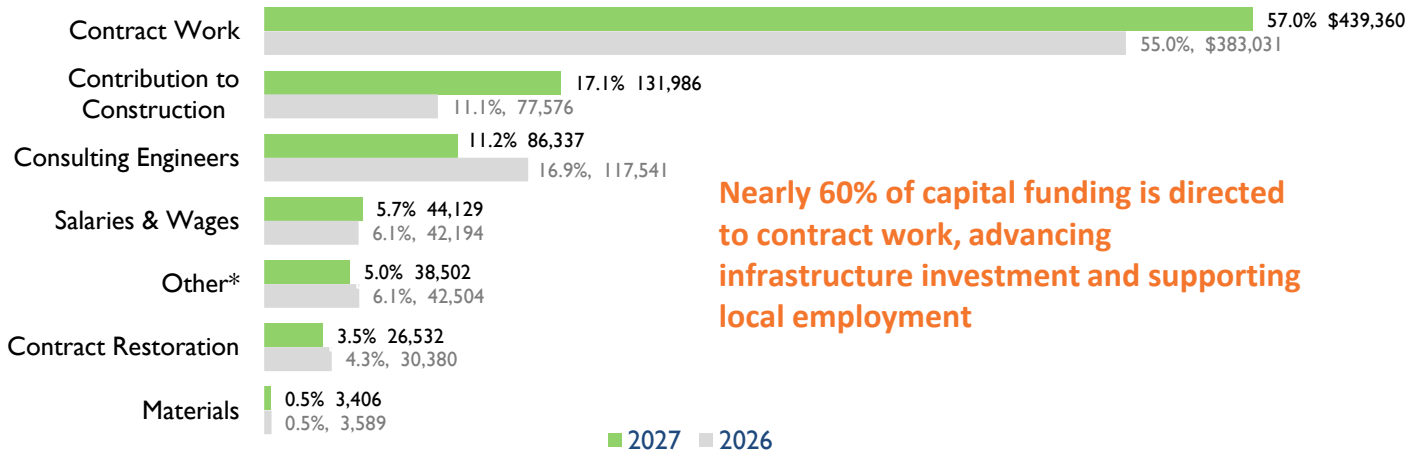
FY 2026 Total Operating Budget = \$1,133,098



Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2027 Total Capital Budget = \$770,252

FY 2026 Total Capital Budget = \$696,815



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

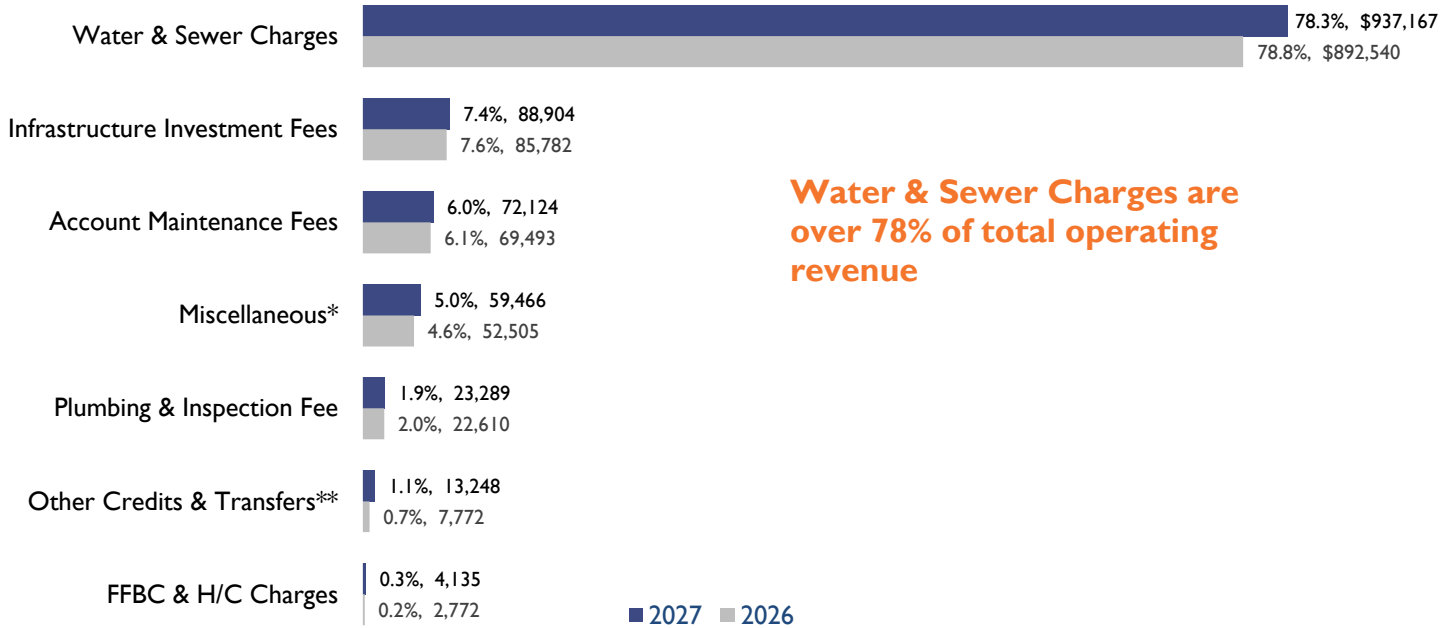
Includes Water Supply, Sewage Disposal and General Construction Bond

FY 2027 PROPOSED BUDGET – BY SOURCES

(\$ in thousands)

FY 2027 Total Operating Revenue = \$1,198,333

FY 2026 Total Operating Revenue = \$1,133,474



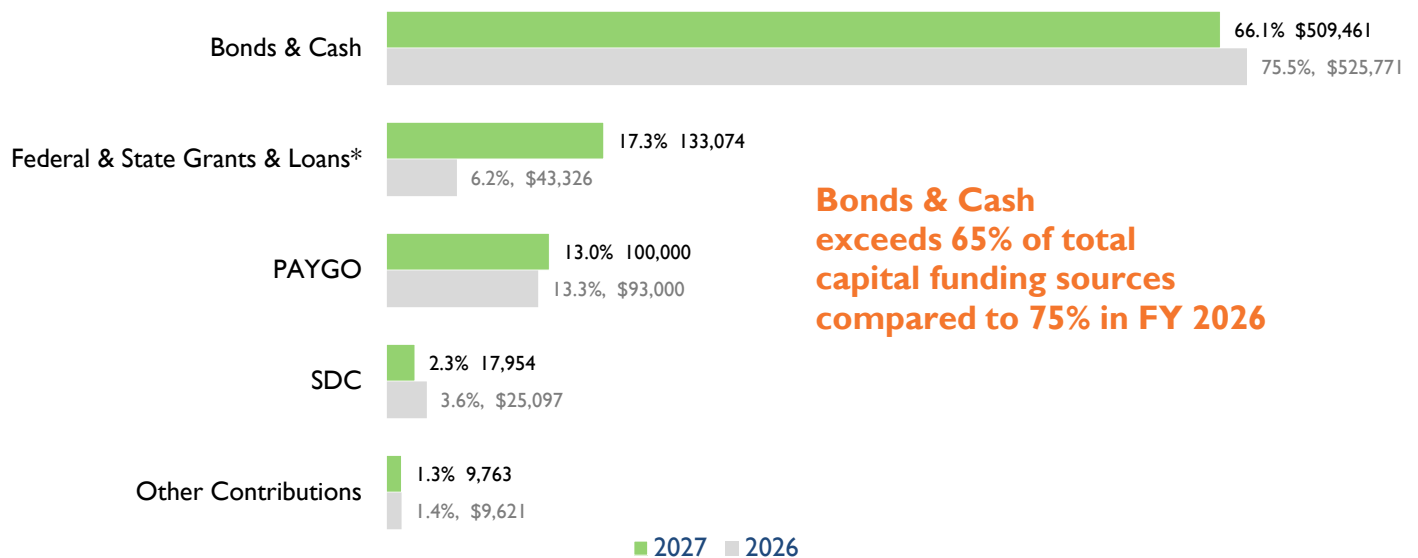
(*) Rockville sewer use, interest income, other miscellaneous fees, uncollectible revenue, cost sharing reimbursement, natural gas sales and grants revenue

(**) Includes SDC Debt Service Offset, Underwriters Discount and Use of Fund Balance

Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2027 Total Capital Funding Sources = \$770,252

FY 2026 Total Capital Funding Sources = \$696,815



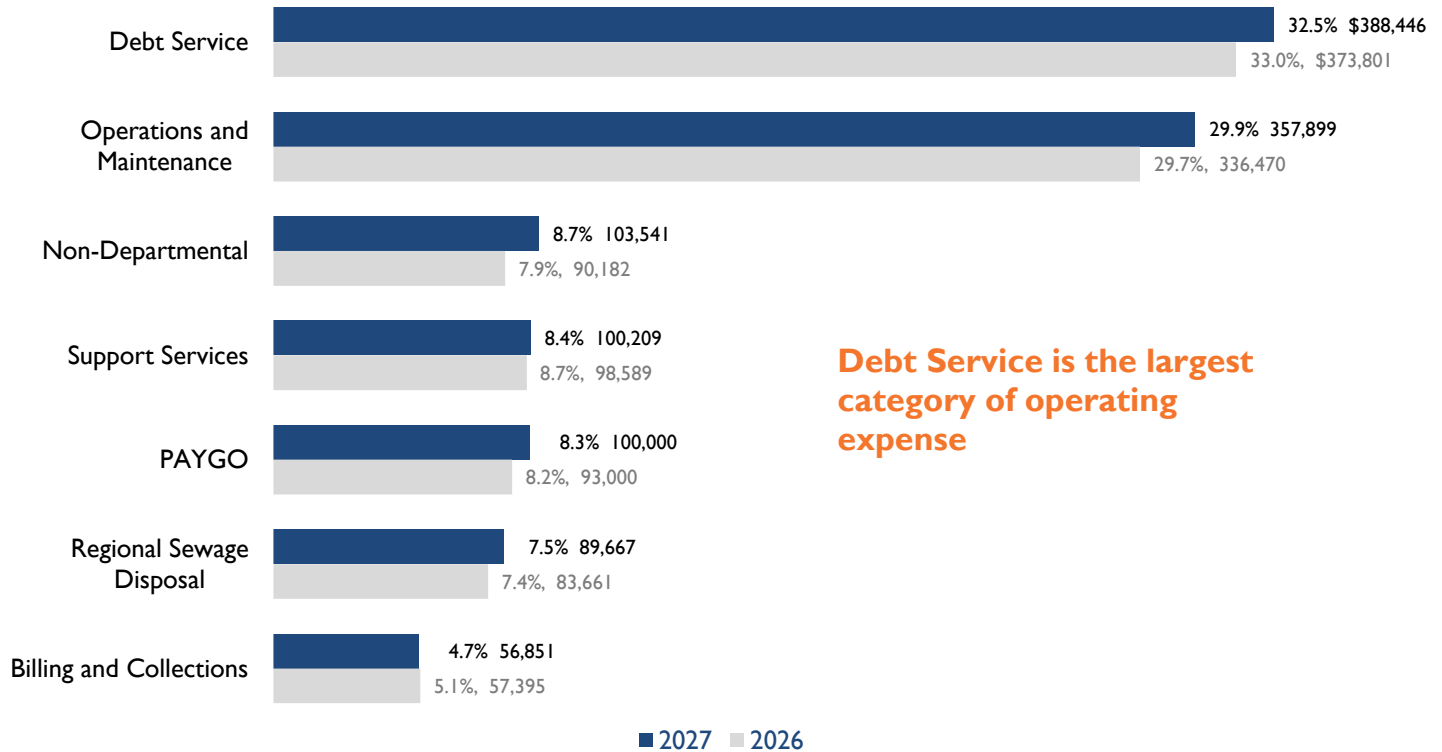
(*) Includes funding from Maryland's Bay Restoration Fund and MDE funded grants and loans.

FY 2027 PROPOSED BUDGET – BY FUND USES

(\$ in thousands)

FY 2027 Total Operating Uses = \$1,196,613

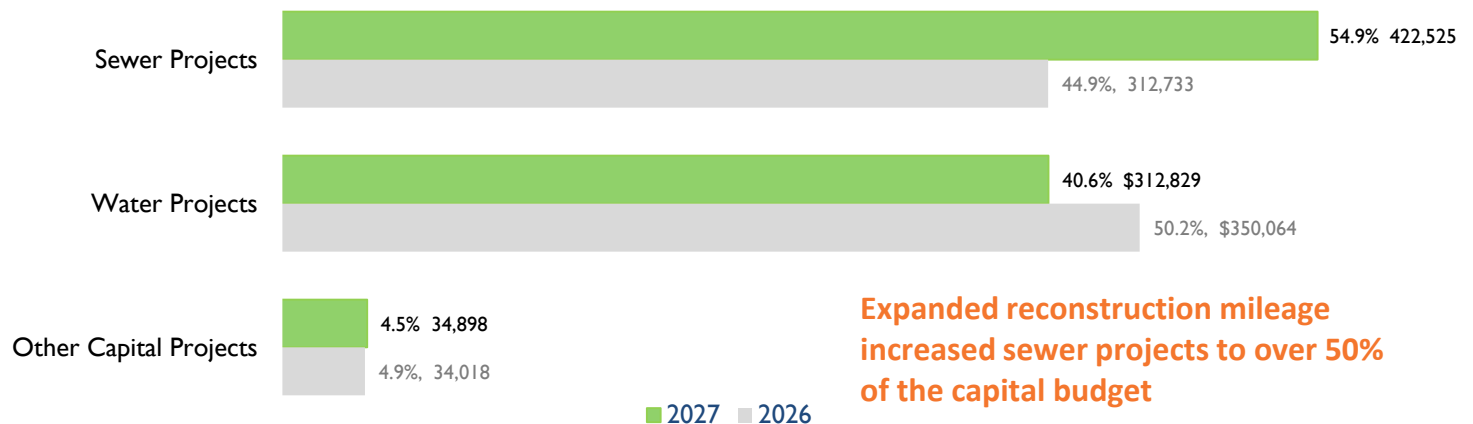
FY 2026 Total Operating Uses = \$1,133,098



Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2027 Total Capital Uses = \$770,252

FY 2026 Total Capital Uses = \$696,815



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 2026 Approved	FY 2027 Proposed	FY 2026 Approved	FY 2027 Proposed	FY 2026 Approved	FY 2027 Proposed	FY 2026 Approved	FY 2027 Proposed		
Operating Revenues										
Water Consumption Charges	\$ 401,851	\$ 424,997	\$ -	\$ -	\$ -	\$ -	\$ 401,851	\$ 424,997	5.8 %	
Sewer Use Charges	-	-	490,689	512,170	-	-	490,689	512,170	4.4 %	
FFBC & H/C Charges	-	-	-	-	2,772	4,135	2,772	4,135	49.2 %	
Account Maintenance Fees	38,303	36,727	31,190	35,397	-	-	69,493	72,124	3.8 %	
Infrastructure Investment Fees	46,794	45,271	38,988	43,633	-	-	85,782	88,904	3.6 %	
Plumbing & Inspection Fees	13,600	14,000	9,010	9,289	-	-	22,610	23,289	3.0 %	
Rockville Sewer Use	-	-	4,500	4,650	-	-	4,500	4,650	3.3 %	
Grants Revenue	-	-	3,171	2,500	-	-	3,171	2,500	(21.2)%	
Miscellaneous	14,000	14,400	13,800	15,330	200	200	28,000	29,930	6.9 %	
Interest Income	5,135	6,935	8,865	11,972	-	-	14,000	18,907	35.1 %	
Uncollectible	(2,306)	(2,800)	(2,655)	(2,691)	-	-	(4,961)	(5,491)	10.7 %	
Renewable/Natural Gas Sales	1,968	1,078	5,827	4,910	-	-	7,795	5,988	(23.2)%	
Total Operating Revenues	\$ 519,345	\$ 540,608	\$ 603,385	\$ 637,160	\$ 2,972	\$ 4,335	\$ 1,125,702	\$ 1,182,103	5.0 %	
Other Credits and Transfers										
Use of Fund Balance	-	2,805	-	2,695	-	-	-	5,500	100.0 %	
SDC Debt Service Offset	2,731	2,702	3,041	3,046	-	-	5,772	5,748	(0.4)%	
Underwriters Discount Transfer	937	925	1,063	1,075	-	-	2,000	2,000	0.0 %	
Cost Sharing Reimbursement	-	2,982	-	-	-	-	-	2,982	100.0 %	
Total Funds Available	\$ 523,013	\$ 550,022	\$ 607,489	\$ 643,976	\$ 2,972	\$ 4,335	\$ 1,133,474	\$ 1,198,333	5.7 %	
Operating Expenses										
Salaries & Wages	\$ 107,960	\$ 116,283	\$ 91,323	\$ 96,663	\$ 1,113	\$ 1,120	\$ 200,396	\$ 214,066	6.8 %	
Heat, Light & Power	18,118	18,006	11,082	13,860	15	14	29,215	31,880	9.1 %	
Regional Sewage Disposal	-	-	83,661	89,667	-	-	83,661	89,667	7.2 %	
All Other	189,218	185,962	162,339	155,349	1,468	1,481	353,025	372,554	5.5 %	
Total Operating Expenses	\$ 315,296	\$ 337,057	\$ 348,405	\$ 368,495	\$ 2,596	\$ 2,615	\$ 666,297	\$ 708,167	6.3 %	
Debt Service										
Principal Payments	94,132	94,928	123,789	127,216	-	-	217,921	222,144	1.9 %	
Interest Payments	81,035	84,696	74,845	81,606	-	-	155,880	166,302	6.7 %	
	\$ 175,167	\$ 179,624	\$ 198,634	\$ 208,822	\$ -	\$ -	\$ 373,801	\$ 388,446	3.9 %	
Other Transfers										
PAYGO	32,550	33,341	60,450	66,659	-	-	93,000	100,000	7.5 %	
Total Expenditures	\$ 523,013	\$ 550,022	\$ 607,489	\$ 643,976	\$ 2,596	\$ 2,615	\$ 1,133,098	\$ 1,196,613	5.6 %	
Net Revenue (Loss)	\$ -	\$ -	\$ -	\$ -	\$ 376	\$ 1,720	\$ 376	\$ 1,720	357.4 %	
Fund Balance - July 1										
	\$ 125,362	\$ 126,668	\$ 270,017	\$ 271,273	\$ 21,441	\$ 21,817				
Net Increase (Decrease) in Fund Balance	-	-	-	-	376	1,720				
Adjustments	1,306	-	1,256	-	-	-				
Use of Fund Balance	-	(2,805)	-	(2,695)	-	-				
Fund Balance - June 30	\$ 126,668	\$ 123,863	\$ 271,273	\$ 268,578	\$ 21,817	\$ 23,537				

CAPITAL FUNDING & EXPENSE BY MAJOR SOURCE CATEGORY & FUND TYPE

(\$ in thousands)	Water Supply Bond		Sewer Disposal Bond		General Construction Bond		Total		
	FY 2026 Approved	FY 2027 Proposed	FY 2026 Approved	FY 2027 Proposed	FY 2026 Approved	FY 2027 Proposed	FY 2026 Approved	FY 2027 Proposed	% Chg
Funds Provided									
Bonds & Notes Issues/Cash on Hand	\$ 280,512	\$ 262,194	\$ 211,241	\$ 213,427	\$ 34,018	\$ 34,898	\$ 525,771	\$ 510,519	(2.9) %
PAYGO	32,550	33,341	60,450	66,659	-	-	93,000	100,000	7.5 %
Anticipated Contributions:									
Federal & State Grants	17,996	8,716	25,330	124,358	-	-	43,326	133,074	207.1 %
SDC	16,957	7,975	8,140	9,979	-	-	25,097	17,954	(28.5) %
Other Contributions	2,049	603	7,572	8,102	-	-	9,621	8,705	(9.5) %
Total Funds Provided	\$ 350,064	\$ 312,829	\$ 312,733	\$ 422,525	\$ 34,018	\$ 34,898	\$ 696,815	\$ 770,252	10.5 %
Construction Costs									
Salaries & Wages	\$ 21,948	\$ 22,685	\$ 14,902	\$ 16,079	\$ 5,344	\$ 5,365	\$ 42,194	\$ 44,129	4.6 %
Contract Work	214,051	209,009	162,948	214,721	6,032	15,630	383,031	439,360	14.7 %
Consulting Engineers	74,836	46,184	40,227	35,630	2,478	4,523	117,541	86,337	(26.5) %
All Other	39,229	34,951	94,656	156,095	20,164	9,380	154,049	200,426	30.1 %
Total Construction Costs	\$ 350,064	\$ 312,829	\$ 312,733	\$ 422,525	\$ 34,018	\$ 34,898	\$ 696,815	\$ 770,252	10.5 %

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 2026	\$ 125,362	\$ 519,345	\$ (523,013)	\$ 3,668	\$ 1,306	\$ 126,668	\$ 1,306	1.0	%
FY 2027	126,668	540,608	(550,022)	9,414	-	123,863	(2,805)	(2.2)	%
Sewer Operating									
FY 2026	270,017	603,385	(607,489)	4,104	1,256	271,273	1,256	0.5	%
FY 2027	271,273	637,160	(643,976)	6,816	-	268,578	(2,695)	(1.0)	%
General Bond Debt Service									
FY 2026	21,441	2,972	(2,596)	-	-	21,817	376	1.8	%
FY 2027	21,817	4,335	(2,615)	-	-	23,537	1,720	7.9	%

Operating expenses include debt service.

Explanation of Significant Changes to Fund Balance

Water and Sewer Operating Funds

The FY 2027 Proposed Budget ending fund balance is lower than the projected FY 2026 ending balance for the Water Operating Fund by 2.2% or \$2.8 million and 1% or \$2.7 million for the Sewer Operating Fund.

General Bond Debt Service Fund

The FY 2027 Proposed Budget ending fund balance is 7.9% higher than the projected FY 2026 ending balance for the General Bond Debt Service Fund. The General Construction bonds have been paid off resulting in extinguishing of General Bond debt service.

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 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Expenses					
Salaries & Wages	\$ 127,044	\$ 140,325	\$ 163,591	\$ 199,283	\$ 212,946
Heat, Light & Power	22,390	22,079	24,433	29,200	31,866
Regional Sewage Disposal	71,025	79,822	80,409	83,661	89,667
All Other	271,026	277,656	335,031	351,557	371,073
Subtotal	\$ 491,485	\$ 519,882	\$ 603,464	\$ 663,701	\$ 705,552
Debt Service					
Principal Payments	162,080	193,516	203,294	217,921	222,144
Interest Payments	138,013	144,811	148,268	155,880	166,302
Subtotal	\$ 300,093	\$ 338,327	\$ 351,562	\$ 373,801	\$ 388,446
Other Transfers					
PAYGO	31,016	44,000	50,602	93,000	100,000
Total Expenses	\$ 822,594	\$ 902,209	\$ 1,005,628	\$ 1,130,502	\$ 1,193,998

General Bond Debt Service Fund

(\$ in thousands)	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Expenses					
Salaries & Wages	\$ 874	\$ 958	\$ 1,096	\$ 1,113	\$ 1,120
Heat, Light & Power	-	-	-	15	14
All Other	826	922	928	1,468	1,481
Subtotal	\$ 1,700	\$ 1,880	\$ 2,024	\$ 2,596	\$ 2,615
Debt Service					
Principal Payments	3,304	4,372	2,586	-	-
Interest Payments	4,161	782	876	-	-
Subtotal	\$ 7,465	\$ 5,154	\$ 3,462	\$ -	\$ -
Total Expenses	\$ 9,165	\$ 7,034	\$ 5,486	\$ 2,596	\$ 2,615

Capital Budget

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

(\$ in thousands)	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Expenses					
Salaries & Wages	\$ 27,997	\$ 31,381	\$ 38,624	\$ 42,194	\$ 44,129
Heat, Light & Power	-	-	751	303	360
Contract Work	268,792	245,931	284,164	383,031	439,360
Consulting Engineers	43,531	33,838	40,495	117,541	86,337
All Other	96,072	99,011	97,510	153,746	200,066
Total Expenses	\$ 436,392	\$ 410,161	\$ 461,544	\$ 696,815	\$ 770,252

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.

WSSC Water uses an 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 and in accordance with both County Councils.

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 2027 Proposed Budget assumes \$100.0 million in PAYGO.

Long-term Financial Plan

WSSC Water develops and publishes a long-term financial 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 the agency, 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 (funds transferred to the CIP); 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 2027, WSSC Water proposed a 6.0% revenue enhancement to keep pace with rising costs and 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. This budget is supported overall by a 6.0% revenue enhancement comprised of a 5.0% average water and sewer volumetric and fixed fees rate increase. With the additional 1.0% achieved using one-time revenue from interest income and a temporary rate stabilization fund. Proposed expenditures are within spending affordability guidelines.

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 ensure all communities thrive by ethically delivering safe, reliable and sustainable water and wastewater services. 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 have difficulty meeting their household 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:

- Rate stability and affordable water and sewer bills
- 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

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 2027 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

A major funding source of the CIP are bond proceeds from issued debt. Capital projects usually have a useful life of 30 years and will serve future ratepayers, as well as current ratepayers. The upfront cost of a capital asset should be recovered from those benefiting customers who receive service from the asset over its useful life. This follows the concept of intergenerational equity which is the fairest cost recovery perspective.

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:

- Days Cash-on-Hand (DCOH) - This metric refers to the number of days WSSC Water can continue to pay its operating expenses using only available cash. This metric assesses liquidity and financial health. DCOH is calculated as unrestricted cash and investments divided by operation expenses per day. WSSC Water's FY 2027 target DCOH is greater than or equal to 250 days.
- Debt Service Coverage Ratio (DSCR) – This ratio evaluates whether WSSC Water can use available cash flow to pay its current year debt service obligation. 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 2027 target DSCR is greater than 1.5.
- Leverage Ratio – This ratio helps assess WSSC Water's ability to pay its total 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 8.0 times (10.0 times prior to FY 2024) 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 is pursued.

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.

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.

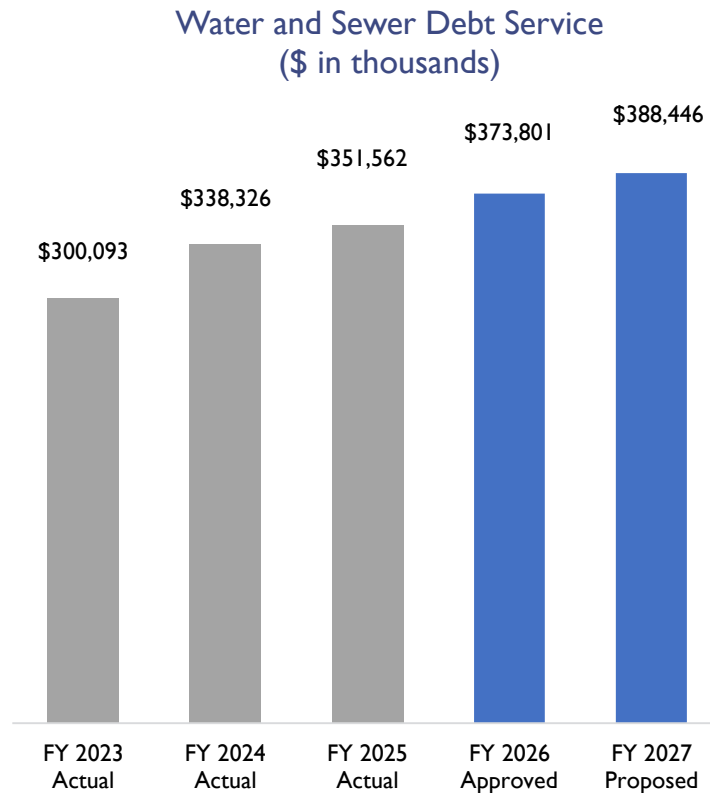
Infrastructure Investment Fee

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

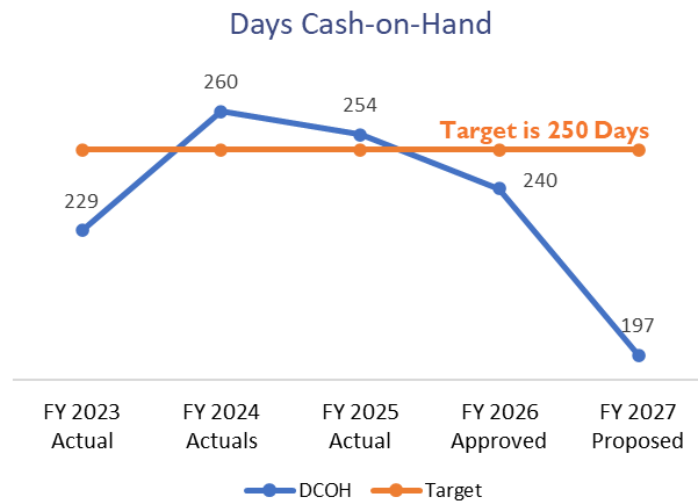
The largest expenditure in the FY 2027 proposed water and sewer operating budget is debt service. Debt service increased by \$14.6 million from \$373.8 million in FY 2026 to \$388.4 million in FY 2027. This increase is driven primarily by rising construction costs, including continued escalation in materials and labor, as well as the need to keep pace with critical asset management and infrastructure reinvestment requirements, including system modernization efforts necessary to reduce operational risk, maintain system reliability, and meet future service demands. Highlights of the capital program can be found in the FYs 2027-2032 Proposed CIP at <https://www.wsscwater.com/fin>.



WATER AND SEWER DEBT SERVICE GUIDELINES (Continued)

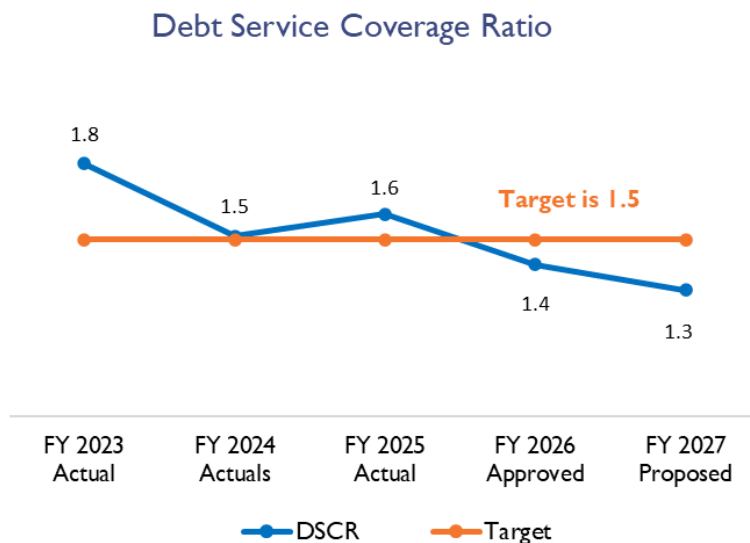
Days Cash-on-Hand

As part of the long-term financial plan, WSSC Water has a target of keeping water and sewer days cash-on-hand at or greater than 250 days. While initial budget targets continue to reflect a lower result, efficiencies and savings achieved during the fiscal year will improve results toward target.



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 2027 is 1.3.



WATER AND SEWER DEBT SERVICE GUIDELINES (Continued)

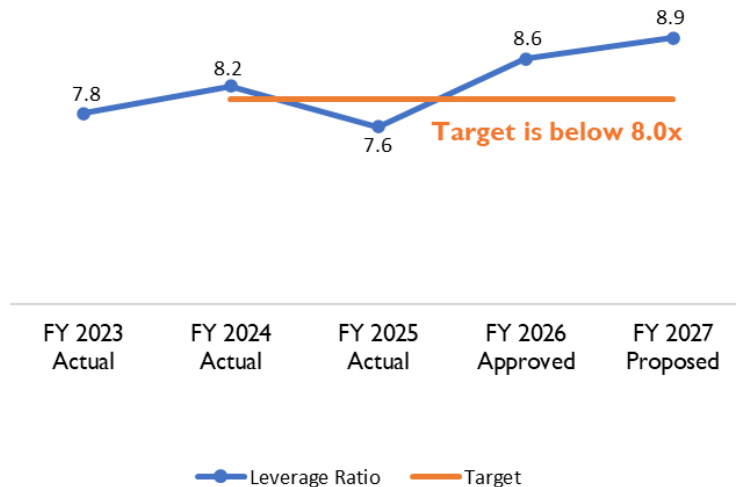
Below is the formula for calculating DSCR where Net Operating Revenue equals Operating Revenue minus Operating Expenses, excluding Debt Service and PAYGO.

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

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. Based on rating agency feedback, in FY 2024 the target was reduced from 10.0x to 8.0x to provide better coverage of risk. The projected ratio for FY 2027 is 8.9x, which is above the target.

Leverage Ratio - Stress Case



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) 2027 Proposed Budget incorporate policy recommendations. WSSC Water currently recovers necessary revenues through both fixed and volumetric charges.

ECONOMIC OUTLOOK

Policy Assumptions

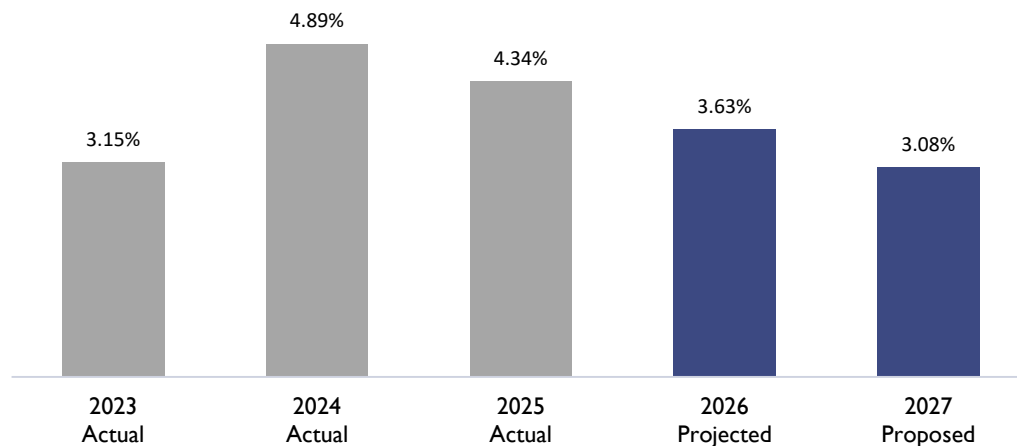
Revenue and resource estimates presented are the result of the recommended policies of WSSC Water's FY 2027 Proposed Budget. Even though it is assumed that these policies will be effective during the budget period, subsequent agency actions, state law and budgetary changes, actual economic conditions and revised revenue projections may result in policy changes.

Yield on Investment Income

The Federal Reserve Board (Fed), through its Federal Open Market Committee (FOMC), implemented a series of interest rate hikes throughout 2022 and 2023 to curb inflation. These measures began to take effect by 2024 and 2025, during which the Fed gradually shifted its stance, cutting rates intermittently including 25-basis-point reductions at each of its September, October and December 2025 meetings. Further rate cuts are anticipated, with market projections indicating continued easing through the end of 2025 and into 2026.

Short-term Treasury yields currently stand at approximately 3.50% to 3.75%, with expectations for rates to decline toward 3.00% by mid-2026. WSSC Water's operating investment income is projected to reach \$18.9 million in FY 2027, representing a modest increase over the FY 2026 Approved Budget. The agency's short-term investment returns are closely correlated with movements in the federal funds rate, though they typically respond with a slight lag.

Yield on Investment Income



Demographic Assumptions

The revenue projections are based on economic data and analyses developed by the Finance Department. While these projections rely on key economic and demographic assumptions, it's important to recognize that not every possible factor can be anticipated. Unexpected events may influence long-term revenue and spending trends. Although it is not possible to predict or measure these events in advance, they should still be considered when thinking about future financial conditions. Factors that could affect projections include shifts in local economic activity, changes in the national economy, adjustments to federal or state tax and spending policies, new mandates, and fluctuations in 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 approximately 2.0 million. The FY 2027 projected population growth is based on applying the Census of Government's projected population growth to the decennial population figure.

As of June FY 2027, WSSC Water is estimated to have 483,000 customer accounts. Most accounts are residential at 94.8% followed by commercial and industrial at 4.6%, and government and other at 0.6%.

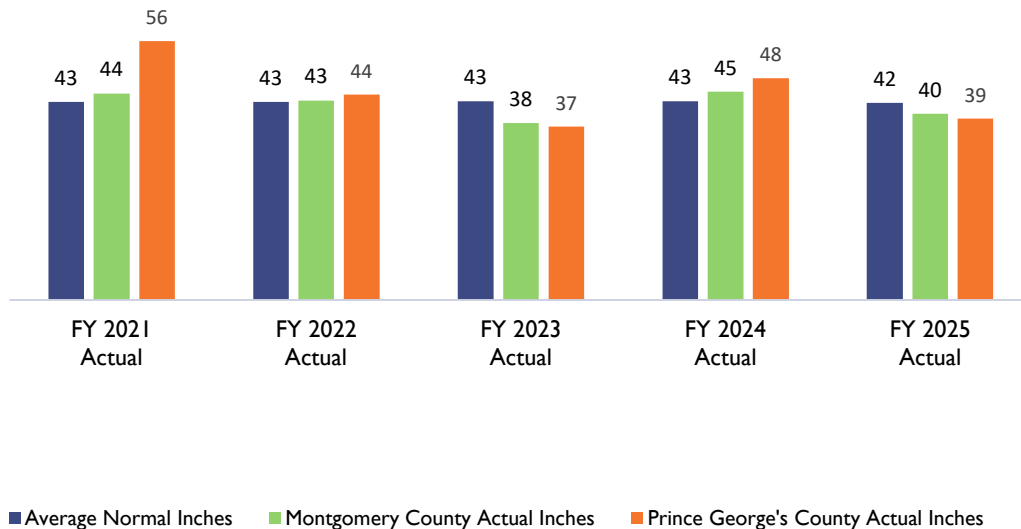
Weather Conditions

Weather has a significant impact on both the supply and demand for water. Higher rainfall levels often raise operating costs for water utilities. When surface water is the source of drinking water, more treatment chemicals may be required, and heavy rain can increase infiltration and inflow into sanitary sewer systems, resulting in higher wastewater volumes and chemical use. Elevated flow levels also cause sewer pumps to run longer, increasing energy and maintenance costs. In periods of intense rainfall, additional labor may be needed to monitor and maintain pump stations.

At the same time, water demand usually declines during wet weather. Irrigation needs drop, and cooler, rainier conditions reduce outdoor activity, leading to less household water use.

According to the Maryland Department of the Environment, average annual precipitation for Montgomery and Prince George's Counties is about 42.4 inches. For the twelve months ending June 2025, Montgomery County received 40.0 inches—a 10.7% decrease from the prior year—while Prince George's County received 39.0 inches, an 18.2% decrease from FY 2024. Water production increased from 160.8 million gallons per day (MGD) in FY 2024 to 167.9 MGD in FY 2025.

Total Annual Precipitation (in inches)



ECONOMIC OUTLOOK (Continued)

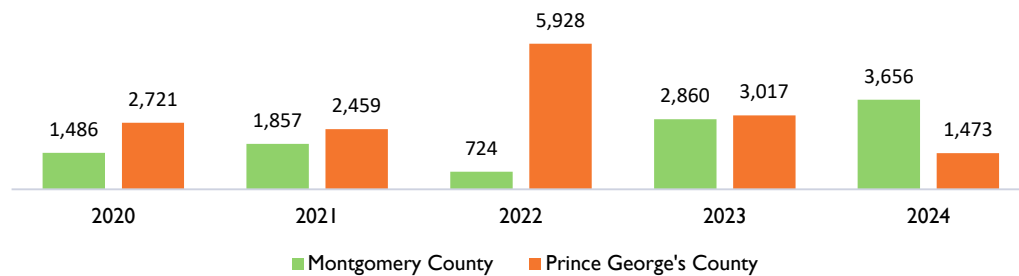
Economic Indicators

Revenue projections are influenced by a wide range of economic factors at the national, regional, and local levels. These include public health conditions, government fiscal and monetary policies, real estate and construction activity, population and employment trends, consumer confidence, and even global events. Analysts consider these factors—along with income, inflation, and the overall strength of the regional economy when evaluating WSSC Water’s revenue outlook.

Real Estate and Construction Projects

According to the U.S. Census Bureau, new residential construction in Montgomery County rose by 295.0% in 2023 and by an additional 27.8% in 2024. The County also experienced a 4.5% increase in median owner-occupied housing values in 2024. In contrast, Prince George’s County saw residential construction decline by 49.1% in 2023 and by 51.2% in 2024, while median owner-occupied housing values increased by 6.3% over the prior year

Residential Building Permits (Units)



Large construction projects across Montgomery and Prince George’s Counties continue to support WSSC Water’s revenue growth. A major example is the 16-mile Purple Line light rail system now under construction and spanning both counties. Prince George’s County recent development includes the expansion of IonQ, the county’s leading quantum computing company, and the federal government’s decision to locate two additional agencies there—the Bureau of Labor Statistics headquarters and the Bureau of Engraving and Printing’s new currency production facility. In Montgomery County, recent economic growth includes the establishment of the University of Maryland Institute of Health Computing, which aims to drive innovation in traditionally restrictive, data-intensive fields like geonomics and drug discovery through advanced computing and AI.

Population

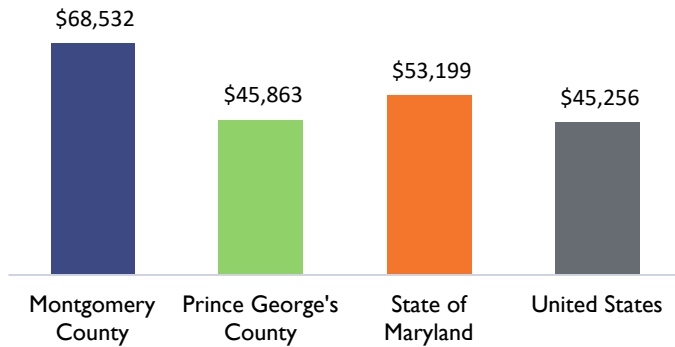
As of the fall of 2024, Montgomery County’s population increased by 0.2% from the prior period according to the Maryland Department of Commerce. Montgomery County is the most populous county in Maryland. During the same period Prince George’s County’s population also increased 0.2% consistent with the overall State of Maryland growth rate of 0.2%.

Per Capita Income and Median Household Income Statistics

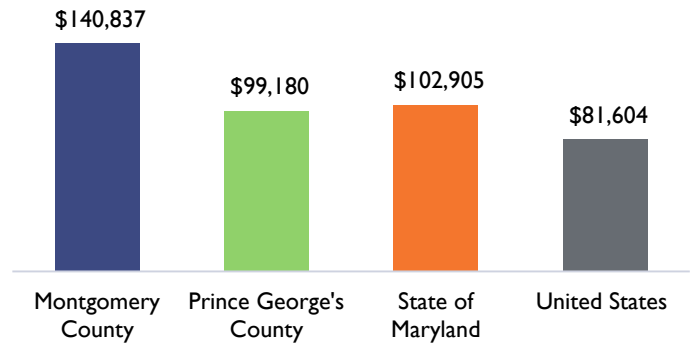
According to the U.S. Census Bureau, the higher the per capita income and median household income indicators, the more money people have available to spend. Prince George’s County’s 2024 per capita income grew 0.9%, slower than the 4.9% state increase. Prince George’s County median household income increased 1.2%. Montgomery County per capita income grew 6.2% for the same period. Montgomery County median household income increased 12.3%, which is 8.1% higher than the state’s growth of 4.3% in 2024.

ECONOMIC OUTLOOK (Continued)

Per Capita Income 2024 Estimate



Median Household Income 2024 Estimate



Employment

Montgomery County's unemployment rate increased from 1.9% in 2023 to 2.7% in 2024.

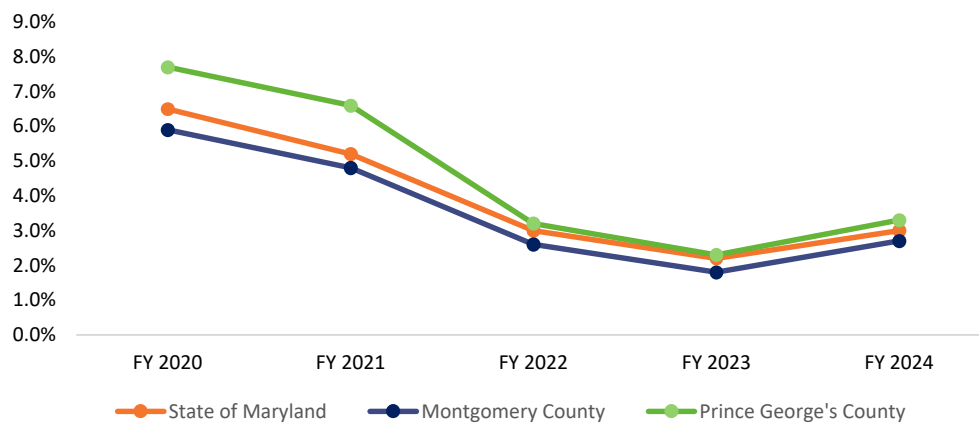
Prince George's County unemployment rate increased from 2.2% in 2023 to 3.3% in 2024.

The State of Maryland's unemployment rate increased from 2.1% in 2023 to 3.0% in 2024. According to the U.S. Bureau of Labor Statistics, in August 2025, Maryland's unemployment rate of 3.6% was lower than the Country's rate of 4.3%.

Federal employment is a cornerstone of Maryland's economy. According to the Bureau of Labor Statistics, the state lost nearly 25,000 federal jobs in 2025 due to workforce reductions initiated by the Department of Government Efficiency (DOGE) and a federal government shutdown in late 2025. As a result, Maryland's unemployment rate rose to 4.2 percent during the fall of 2025.

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

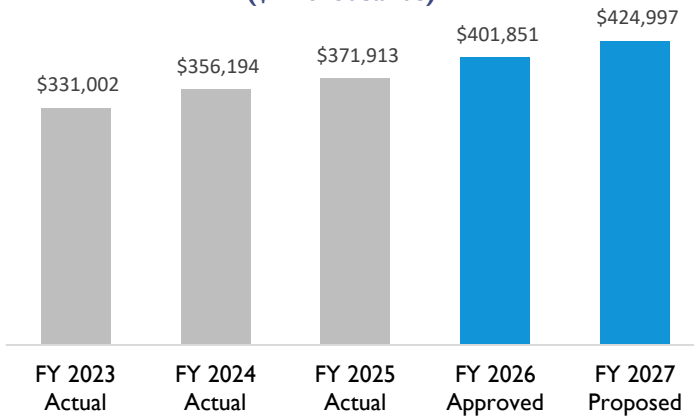
Revenues from the water and sewer operating Funds are estimated at \$1.2 billion in FY 2027. This is a \$58.0 million increase, or 5.2%, from the FY 2026 Approved Budget, primarily attributed to a 5.0% revenue increase in volumetric and ready-to-serve charges. Additional information on rates can be found in Section 2.

Water and Sewer Consumption Revenues

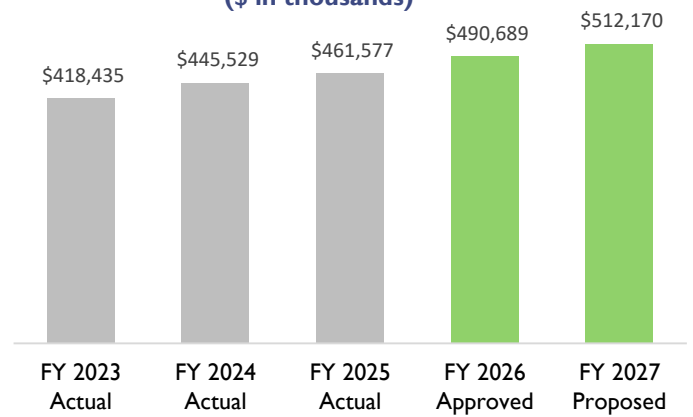
The purpose of the water consumption and sewer use charges is to cover the costs of maintenance and operations of facilities and infrastructure, as well as debt service on bonds. State law requires these charges be sufficient to meet all expense requirements. This includes WSSC Waters share of the regional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

FY 2027 water production is assumed to be 162.1 MGD and sewer treatment is projected to be 194.7 MGD.

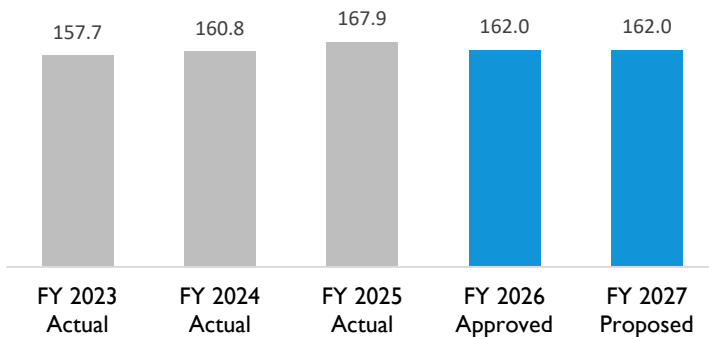
Water Consumption Revenue
(\$ in thousands)



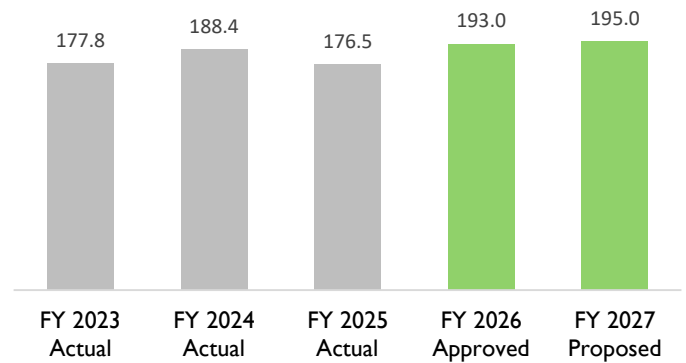
Sewer Use Revenue
(\$ in thousands)



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 water consumption during each billing period. The proposed range of FY 2027 rates is \$7.68 to \$11.70 per 1,000 gallons of metered 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 2027 rates is \$10.22 to \$18.82 per 1,000 gallons of metered water. The proposed rate for customers using sewage disposal only is a flat rate of \$175.00 per quarter.

The estimated FY 2027 revenues from water consumption and sewer use charges are \$425.0 million and \$512.2 million, respectively. This revenue is offset by \$5.5 million in anticipated uncollectible charges.

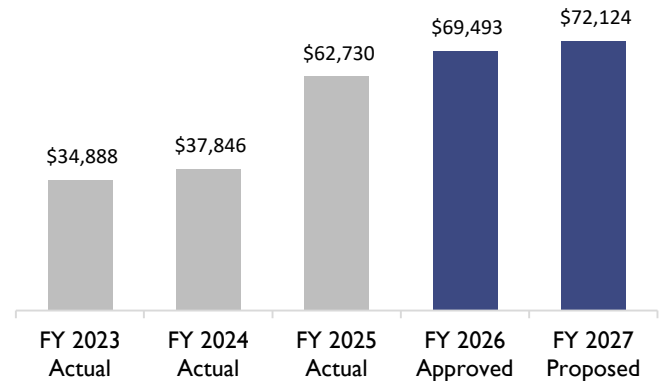
Account Maintenance Fee

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.

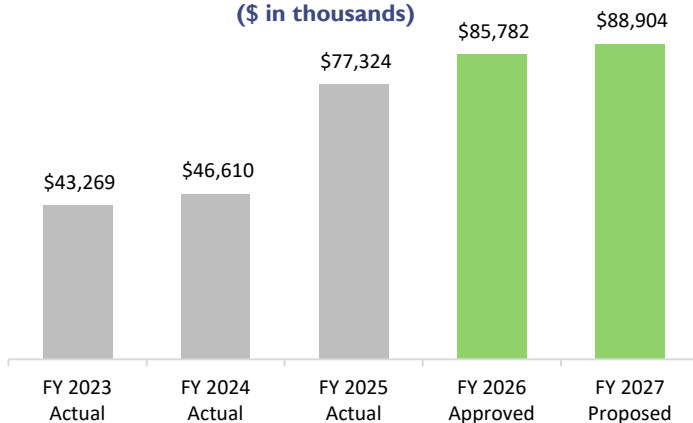
The AMF was implemented in 1993. WSSC Water maintained the fee at the FY 2017 level until FY 2022. In FY 2025, there was a 65% increase in the fee to better align with the cost of service.

The FY 2027 Proposed Budget of \$72.1 million assumes a 5.0% fee increase.

Account Maintenance Fee (\$ in thousands)



Infrastructure Investment Fee (\$ in thousands)



Infrastructure Investment Fee

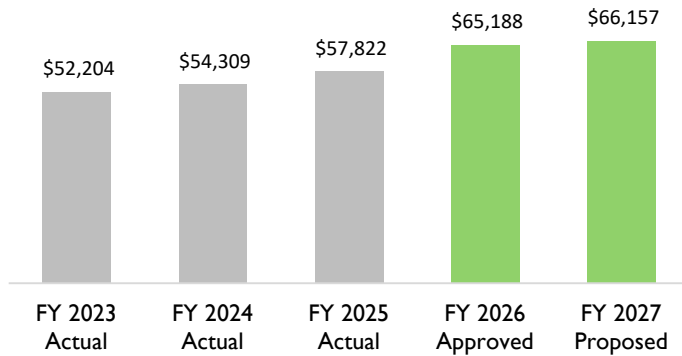
The Infrastructure Investment Fee (IIF) is a fixed fee that funds a portion of the debt service associated with the agency's water and sewer main reconstruction programs in the approved CIP.

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. In FY 2025, there was a 65% increase in the fee to better align with the cost of service.

The FY 2027 Proposed Budget is \$88.9 million after the 5.0% fee increase.

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

Miscellaneous Revenues (\$ in thousands)



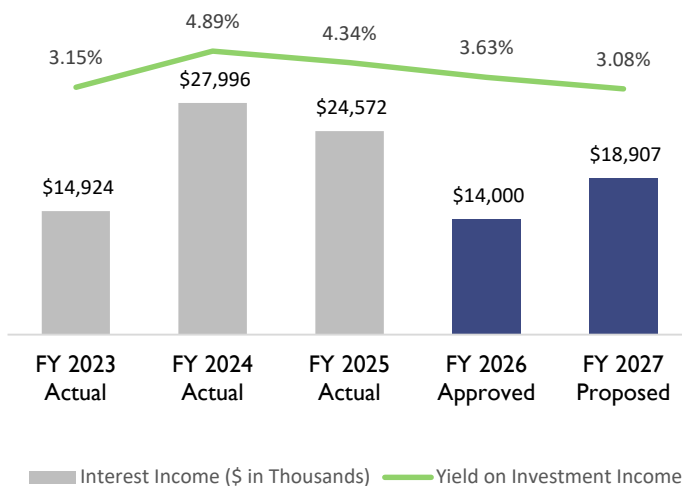
WSSC Water's sewerage system; grants revenue \$2.5 million; and the sale of natural and renewable gas of \$6.0 million.

Miscellaneous Revenues

The FY 2027 Proposed Budget Miscellaneous Revenues is \$69.1 million, an increase of 5.0% from the FY 2026 Approved Budget.

Miscellaneous Revenues are derived from: plumbing and inspection fees \$23.3 million; Rockville sewer use \$4.6 million; miscellaneous of \$29.7 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

Interest Income (\$ in thousands)



Interest Income

Interest income comprises earnings from both pooled and non-pooled investments, as well as interest from other funds. WSSC Water manages an investment pool under the direction of a professional investment manager, in accordance with the agency's adopted Investment Policy.

In FY 2023, WSSC Water earned an average return of 3.15% on its short-term portfolio. This increased to 4.89% in FY 2024 before easing to 4.34% in FY 2025, reflecting the Federal Reserve's rate cuts. Projected returns are 3.63% for FY 2026 and 3.08% for FY 2027, based on expectations of continued Fed easing through FY 2026 and a relatively stable rate environment in FY 2027.

As a result, interest income is projected to total approximately \$18.9 million in FY 2027, consistent with short-term rates declining toward the 3.0% range over the forecast 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
Subdivision		
First 150 Feet	\$4.00	\$6.00
Next 150 Feet	3.00	4.50
Over 300 Feet	2.00	3.00
Business		
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 2027 Proposed Budget projects the FFBC and H/C revenue to be \$4.1 million, a \$1.4 million increase from the FY 2026 Approved Budget of \$2.7 million.

Use of Fund Balance

Using a portion of 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 2027 budget assumes a \$5.5 million use of fund balance to establish a temporary rate stabilization fund. This approach aligns with WSSC Water's investment requirements while avoiding additional financial burden on customers.

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 2027 Proposed Budget, the SDC offset is programmed at \$5.7 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 2027 Proposed Budget assumes no REDO funds will be used.

REVENUE TRENDS

Water & Sewer Operating Funds - Combined

(\$ in thousands)	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Operating Revenues					
Water Consumption Charges	\$ 331,002	\$ 356,194	\$ 371,913	\$ 401,851	\$ 424,997
Sewer Use Charges	418,435	445,529	461,577	490,689	512,170
Account Maintenance Fees	34,888	37,846	62,730	69,493	72,124
Infrastructure Investment Fees	43,269	46,610	77,325	85,782	88,904
Plumbing & Inspection Fees	20,513	20,975	20,736	22,610	23,289
Rockville Sewer Use	3,879	4,507	4,643	4,500	4,650
Grants Revenue	2,743	3,790	2,563	3,171	2,500
Miscellaneous	25,069	28,827	27,488	27,800	29,730
Interest Income	14,924	27,996	24,572	14,000	18,907
Uncollectible	-	-	-	(4,961)	(5,491)
Renewable/Natural Gas Sales	-	-	2,392	7,107	5,988
Total Operating Revenues	\$ 894,722	\$ 972,274	\$ 1,055,939	\$ 1,122,042	\$ 1,177,768
Other Credits and Transfers					
Use of Fund Balance	-	-	-	-	5,500
REDO	-	(20,000)	-	-	-
SDC Debt Service Offset	5,772	5,772	5,772	5,772	5,748
Premium Transfer	2,503	-	-	-	-
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000
Cost Sharing Reimbursement	-	-	-	688	2,982
Total Funds Available	\$ 904,997	\$ 960,046	\$ 1,063,711	\$ 1,130,502	\$ 1,193,998

General Bond Debt Service Fund

(\$ in thousands)	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Operating Revenues					
FFBC & H/C Charges	\$ 6,998	\$ 5,685	\$ 4,850	\$ 2,772	\$ 4,135
Interest Income	256	300	1,228	-	-
Miscellaneous	203	101	97	200	200
Total Operating Revenues	\$ 7,457	\$ 6,086	\$ 6,175	\$ 2,972	\$ 4,335
Other Credits and Transfers					
Transfer from Water/Sewer Operating Funds	-	20,000	-	-	-
Total Funds Available	\$ 7,457	\$ 26,086	\$ 6,175	\$ 2,972	\$ 4,335

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

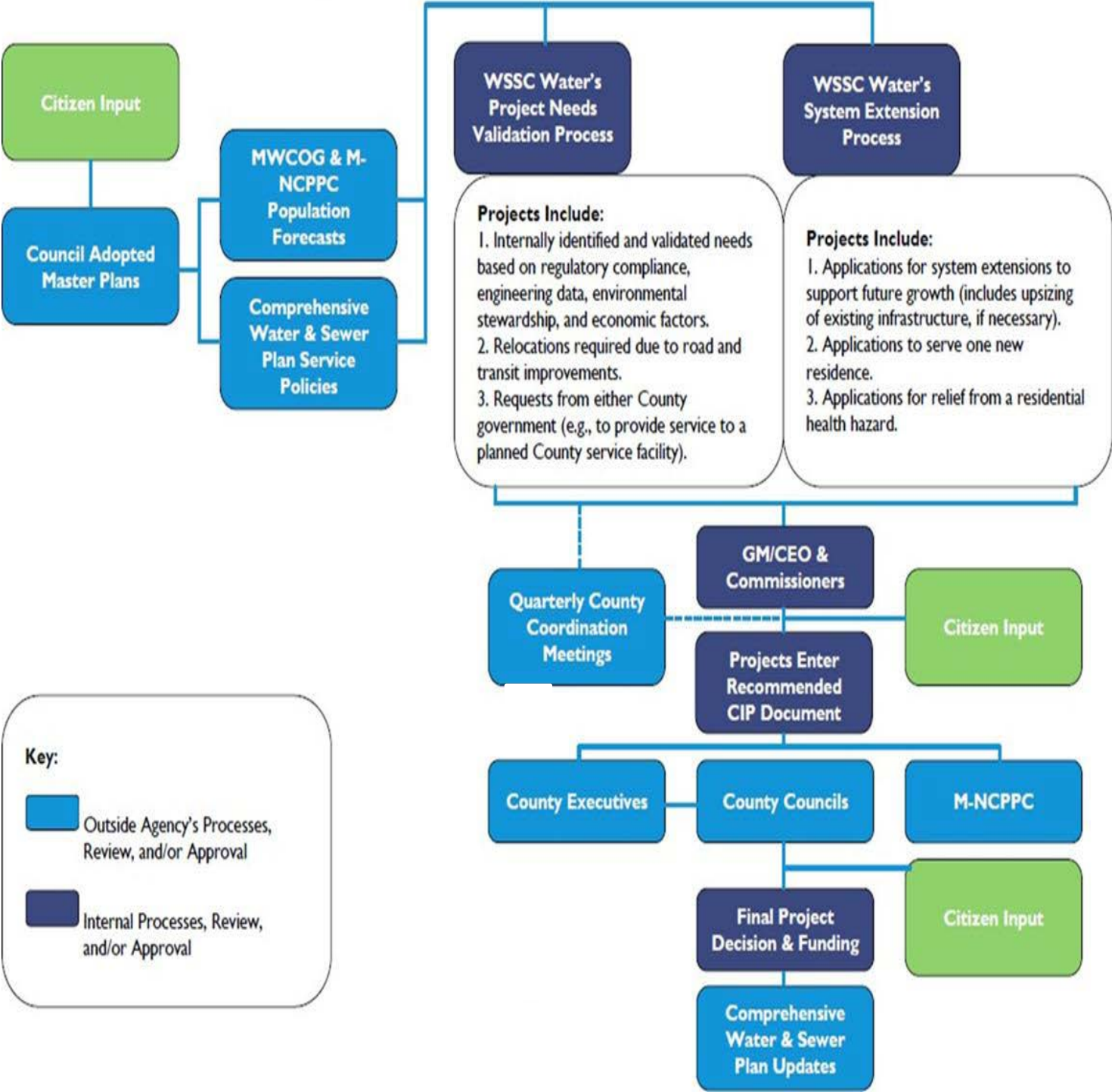
Projects are selected for inclusion in the capital budget based on our Capital Improvements Program (CIP) project development and approval process. The primary objectives of this process are to establish a sound basis for decision-making, to efficiently conduct and document specific work tasks and to 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 on our website at <https://www.wsscwater.com/fin>.

CIP PROJECT DEVELOPMENT AND APPROVAL PROCESS (Continued)



CIP PROJECT DEVELOPMENT AND APPROVAL PROCESS (Continued)

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.



The Asset Management Division identified and incorporated Regulatory and Mandates; Health, Safety, and Risk; Operational Efficiencies/Level of Service; Reliability and Resilience/ Maintaining State of Good Repair; Initiatives/Plans and Policies; and Community Impacts into the CIP prioritization criteria for the FYs 2027-2032 CIP.

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 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, 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

FY 2027 Capital Improvement Proposed Program budget expenditures are budgeted to be \$ 770.2 million, of which \$98.5 million (adjusted for developer contributions of \$8.3 million) is for the Water Program, \$306.3 million is for the Sewerage Program, and \$421.2 million is for Information Only projects. Several facility investments are highlighted below including:

- Invest \$114.1 million to replace 63.5 miles of sewer pipe in the Sewer Reconstruction Program.
- Invest \$68.0 million to replace 35 miles of water pipe in the Water Reconstruction Program.
- Invest \$58.0 million to replace 5 miles of large diameter water pipe in the Large Diameter Water Pipe & Large Valve Rehabilitation Program.
- Invest \$34.0 million in Lead and Copper Reduction regulatory compliance.
- Invest \$26.4 million to replace 7.4 miles of Trunk Sewer line in the Trunk Sewer Reconstruction Program.
- Invest \$24.0 million in the Anacostia Depot Reconfiguration for mechanical upgrades at the warehouse and heavy equipment shop and the replacement of the warehouse' roof.
- Invest \$22.8 million to replace and upgrade Support Center assets that have reached the end of their useful lives such as: Replacement of the primary 13.2 kV switchgear and associated equipment that supply power to the building and replacement of the emergency generators and fuel tanks, building Envelope improvements, 8th and 12th floor upgrades and green roof improvements and upgrades.
- Invest \$16.3 million in Energy Performance Program.
- Invest \$15.2 million in Master Planning and Facilities Planning and Investments.
- Invest \$12.8 million in Smart Water Meter Infrastructure.

(\$ in thousands)	FY 2026 Approved	FY 2027 Proposed
Capital Improvements Program:		
Montgomery County Water	\$ 5,483	\$ 2,386
Prince George's County Water	21,552	20,819
Bi-County Water	118,143	75,335
Montgomery County Sewer	13,214	20,028
Prince George's County Sewer	53,536	71,549
Bi-County Sewer	146,804	167,220
Total Capital Improvements Program	\$ 358,732	\$ 357,337
Information Only:		
Water Reconstruction Program	79,500	68,000
Sewer Reconstruction Program	51,637	114,046
Anacostia Depot Reconfiguration	23,822	24,044
Laboratory Division Building Expansion	2,288	5,599
Support Center Upgrades	9,548	22,785
Engineering Support Program	25,000	25,000
Energy Performance Program	5,518	16,289
Water Storage Facility Rehabilitation Program	23,044	29,332
Specialty Valve Vault Rehabilitation Program	10,978	9,019
Lead Reduction Program	33,600	34,020
PFAS Management Strategy	-	6,300
Master Planning and Facilities Planning and Investment	35,000	15,225
High Inflow and Infiltration Basin Rehabilitation	500	530
Metering Infrastructure Upgrade	-	12,890
Other Capital Programs	56,362	38,142
Total Information Only	\$ 356,797	\$ 421,221
Total Capital Expenses	\$ 715,529	\$ 778,558
Adjustment for Developer Contributions	(18,714)	(8,306)
Total Capital Budget	\$ 696,815	\$ 770,252

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.

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.

System Development Charge (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 2027 Capital Improvement Proposed Program budget is \$ 770.2 million. The funding is comprised of \$510.5 million in bonds, \$100.0 million in PAYGO and \$159.7 in state grants, contributions and other funding sources. The \$73.4 million increase from the FY 2026 Approved Capital Budget is driven primarily by CIP programs related to Blue Plains Wastewater Treatment Plants (WWTP) and projects funded with state grants. Several facility investments are highlighted below including:

- Invest \$114.1 million to replace 63.5 miles of sewer pipe in the Sewer Reconstruction Program.
- Invest \$68.0 million to replace 35 miles of water pipe in the Water Reconstruction Program.
- Invest \$58.0 million to replace 5 miles of large diameter water pipe in the Large Diameter Water Pipe & Large Valve Rehabilitation Program.
- Invest \$34.0 million in Lead and Copper Reduction regulatory compliance.
- Invest \$26.4 million to replace 7.4 miles of Trunk Sewer line in the Trunk Sewer Reconstruction Program.
- Invest \$24.0 million in the Anacostia Depot Reconfiguration for mechanical upgrades at the warehouse and heavy equipment shop and the replacement of the warehouse' roof.
- Invest \$22.8 million to replace and upgrade Support Center assets that have reached the end of their useful lives such as: Replacement of the primary 13.2 kV switchgear and associated equipment that supply power to the building and replacement of the emergency generators and fuel tanks, building Envelope improvements, 8th and 12th floor upgrades and green roof improvements and upgrades.
- Invest \$16.3 million in Energy Performance Program.
- Invest \$15.2 million in Master Planning and Facilities Planning and Investments.
- Invest \$12.8 million in Smart Water Meter Infrastructure.

(\$ in thousands)	FY 2026 Approved	FY 2027 Proposed
Capital Improvements Program:		
Bonds	\$ 190,974	\$ 197,184
PAYGO	93,000	100,000
Federal Grants	-	-
State Grants	21,326	25,188
Local Government Contribution	9,621	8,705
SDC	25,097	17,954
Contribution/Other	18,714	8,306
Total Capital Improvements Program	\$ 358,732	\$ 357,337
Information Only:		
Bonds	334,797	313,335
State Grants & Loans	22,000	107,886
Contribution/Other	-	-
Total Information Only	\$ 356,797	\$ 421,221
Total Capital Funding	\$ 715,529	\$ 778,558
Adjustment for Developer Contributions	(18,714)	(8,306)
Total Capital Budget Sources	\$ 696,815	\$ 770,252

CAPITAL BUDGET FUNDING SUMMARY (Continued)

External Funding

Clean Water Act of 1987 and the federal Safe Drinking Water Act and Amendments of 1996. MWIFA encourages capital investment in water and wastewater infrastructure through 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. MWIFA accepts applications for funding in December through January each year. The list below includes a brief description of the projects/programs to be included in the applications submitted to MWIFA for the FY 2026 Funding Cycle.

The list below includes a brief description of the projects/programs included in the applications submitted to MWIFA.

- **Sewer Pipeline Reconstruction (Sewer Reconstruction and Trunk Sewer Reconstruction Programs)** – Rehabilitation of sewer pipes in road rights of way and environmentally sensitive areas (ESAs), reducing infiltration and inflow and collection system overflows.
Benefits: Total Maximum Daily Loads (TMDLs) loading reductions / system reliability

External Funding (Continued)

- **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
- **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
- **Lead Service Line Inventory and Replacement** – Inventory and replacement of lead service lines as indicated by the lead service line inventory now underway.
Benefits: water quality
- **Water Main Reconstruction** – Replacement of distribution-sized pipes <16” in diameter to improve service reliability and reduce real water loss.
Benefits: Water efficiency / conservation; energy conservation

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 \$388.5 million. The FY 2027 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)

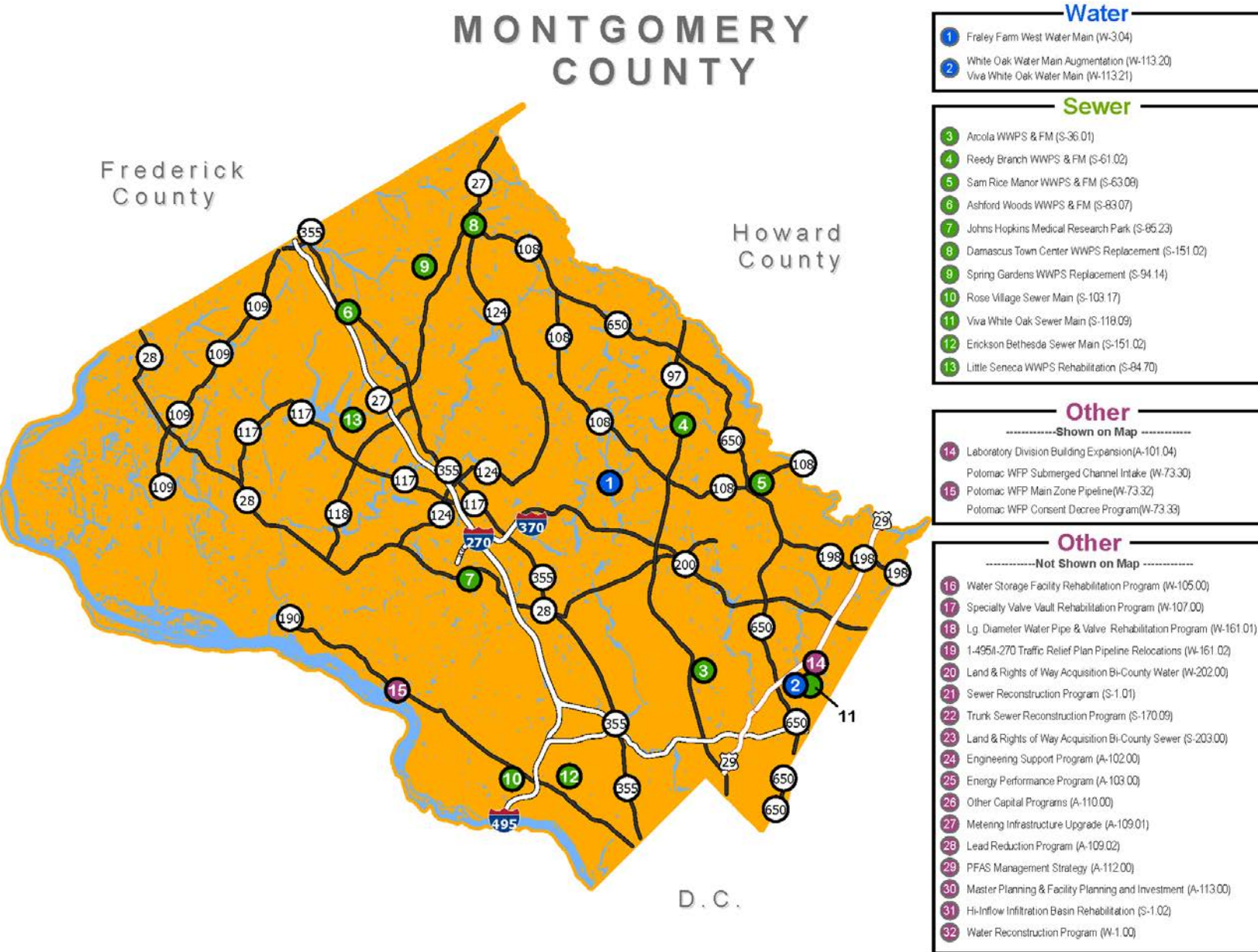
Operating Budget Impacts (Continued)

The following table summarizes the estimated impact on the FY 2027 Proposed Operating Budget based upon projects included in the FY 2027 Proposed Capital Budget:

(\$ in thousands)		FY 2026 Approved	FY 2027 Proposed	FY 2027 Net Impact
Operating - Water and Sewer Program				
Debt Service Expense		\$ 373,801	\$ 388,466	\$ 14,665
Major Capital Projects Net Impact		-	-	-
Total		\$ 373,801	\$ 388,466	\$ 14,665

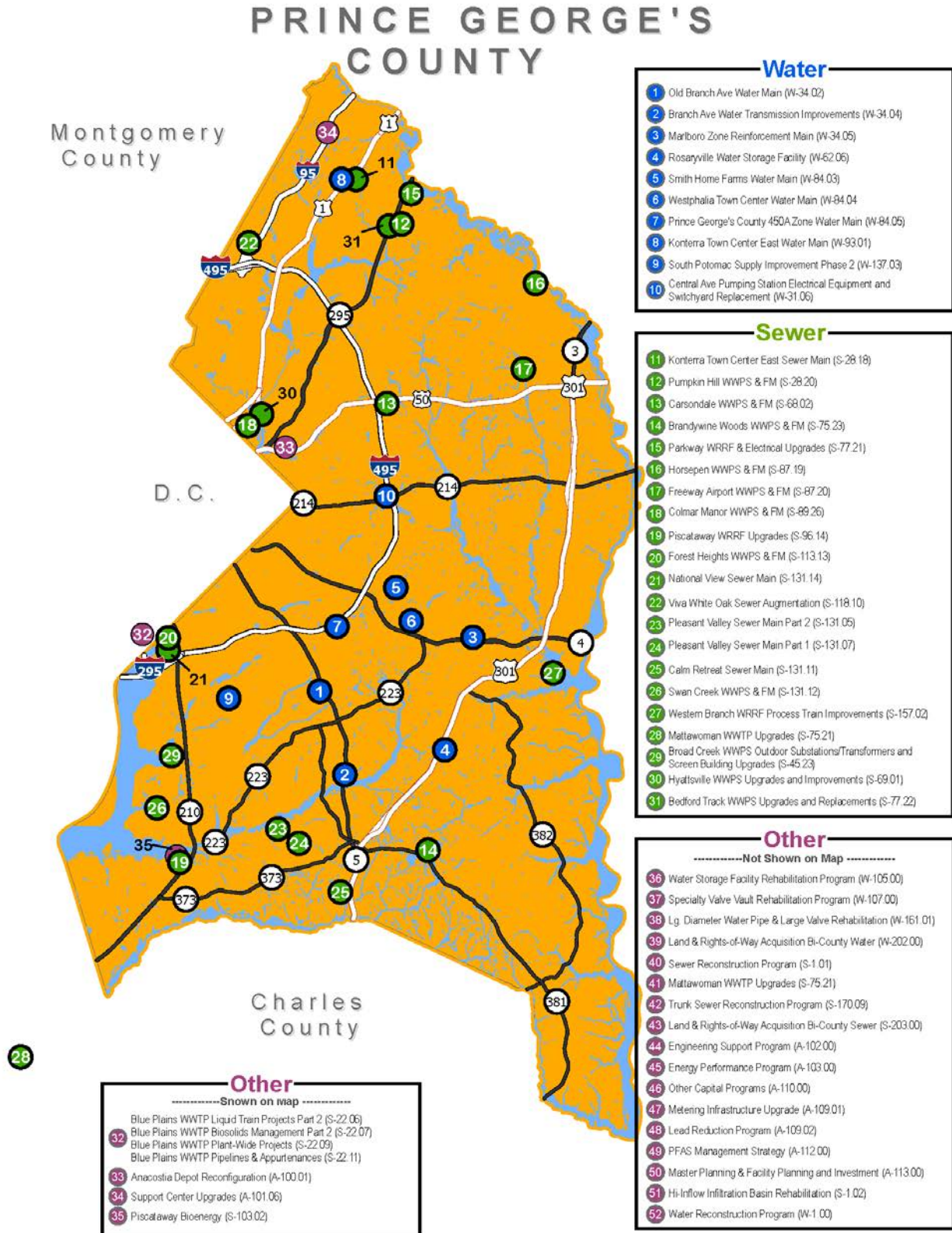
MAP OF PROJECTS IN MONTGOMERY COUNTY

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

Water Reconstruction Program (W-1.00)

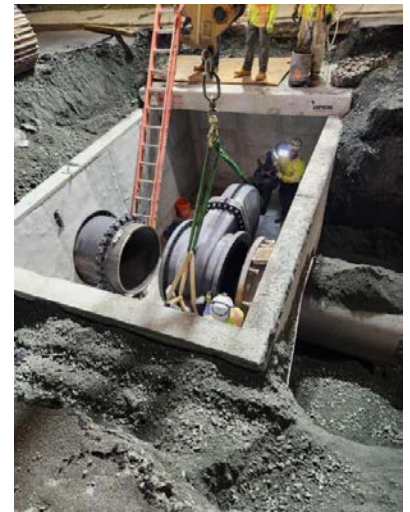


The purpose of this program is to renew and extend the useful life of water mains, house connections, and large water services. Portions of the water system are more than 80 years old. Bare cast iron mains, installed generally before 1965, permit the build-up of tuberculation which can reduce flow and cause discoloration at the customer's tap. Selected replacement is necessary to supply water in sufficient quantity, quality, and pressure for domestic use and firefighting. As the system ages, water main breaks are increasing. Selected mains are chronically breaking, and other mains are undersized for the current flow standards. Replacement and the addition of cathodic protection to these mains provides added value to the customer. Galvanized, copper, and cast-iron water mains, as well as all other water main appurtenances including meter and PRV vaults are replaced on an as needed basis when they have exceeded their useful life.

The total six-year cost of the program is \$567.3 million. During Fiscal Year 2027, the program is investing \$68.0 million to work on 35 miles of water mains, house connections, and large water services.

Large Diameter Water Pipe and Large Valve Rehabilitation Program (W-161.01)

The purpose of this program is to plan, inspect, design, and rehabilitate, or replace large diameter water transmission mains and large system valves that have reached the end of their useful life. WSSC Water has approximately 1,031 miles of large diameter water main ranging from 16 inches to 96 inches in diameter. This includes 335 miles of cast iron, 326 miles of ductile iron, 35 miles of steel, and 335 miles of Prestressed concrete cylinder pipe (PCCP). A condition assessment and/ or corrosion monitoring is performed on metallic pipelines, including ductile iron, cast iron and steel, to identify lengths of pipe requiring replacement or rehabilitation and cathodic protection. The assessment is conducted on PCCP pipelines 36-inch diameter and larger. Of the 335 miles of PCCP, 140 miles are 36-inch diameter and larger.



The PCCP Inspection and Condition Assessment and Monitoring Program identifies individual pipe segments that require repair or replacement to assure the continued safe and reliable operation of the pipeline. The program also identifies extended lengths of pipe that require the replacement of an increased number of pipe segments in varying stages of deterioration that are most cost effectively accomplished by the replacement or rehabilitation of long segments of the pipeline or the entire pipeline. The program includes installation of Acoustic Fiber Optic Monitoring equipment to accomplish these goals in PCCP mains. In order to minimize the risk associated with in operable large valves and possible water outages, the large valve inspection and repair program was initiated.

The total six-year cost of the program is \$474.5 million. During Fiscal Year 2027, the program is investing \$58.0 million to work on 5 miles of >16" water mains.

HIGHLIGHTED PROJECTS (Continued)

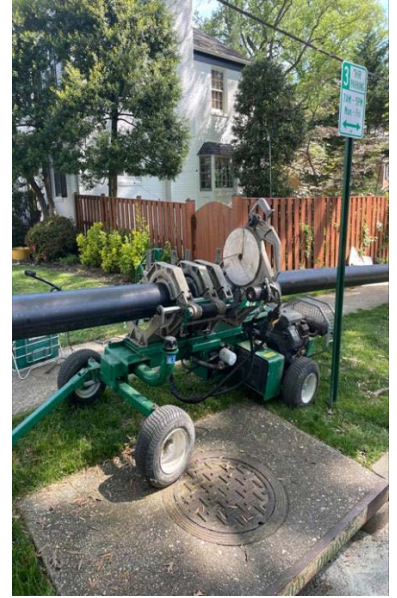
Sewer Reconstruction Program (S-I.01)

The Sewer Reconstruction Program provides for comprehensive sewer system rehabilitation in residential areas of sewer mains less than 15-inches in diameter and sewer house connections, addressing infiltration and inflow control, and exposed pipe problems.

The reconstruction work performed under this program will be utilizing trenchless technology such as, grouting and the installation of structural liners. In December 2005, WSSC Water entered a consent decree with the U.S. Environmental Protection Agency (EPA), the State of Maryland, the Anacostia Watershed Society, Natural Resources Defense Council, the Audubon Naturalist Society, and Friends of Sligo Creek on a multiyear action plan to minimize and eliminate sewerage outflows.

The total six-year cost of the program is \$513.4 million of which \$276.7 million is funded through WSSC Bonds and \$236.7 million is funded by the Maryland Department of Environment (MDE) Water Infrastructure Financing Administration's Water Quality Revolving Loan Fund Program and MDE's Bay Restoration Fund grants.

During Fiscal Year 2027, the program is investing \$114.1 million to replace 63.5 miles of sewer mains less than 15-inches in diameter.



Trunk Sewer Reconstruction Program (S-I70.09)



The Trunk Sewer Reconstruction Program provides for the inspection, evaluation, planning, design, and construction required for the rehabilitation of sewer mains and their associated manholes in environmentally sensitive areas (ESAs). This includes both trunk sewers 15-inches in diameter and greater, along with associated smaller diameter pipe less than 15 inches in diameter. The smaller diameter pipe is included due to its location within the ESA. The program also includes planning, design, and construction for the prioritized replacement of force mains and aerial sewers.

The total six-year cost of the program is \$187.9 million of which \$143.8 million is funded through WSSC Bonds and \$44.1 million is funded by the Maryland Department of Environment (MDE) Water Infrastructure Financing Administration's Water Quality Revolving Loan Fund Program and MDE's Bay Restoration Fund grants.

During Fiscal Year 2027, the program is investing \$26.4 million to work on 7.43 miles of rehabilitation of sewer mains and their associated manholes in ESAs.

HIGHLIGHTED PROJECTS (Continued)

Anacostia Depot Reconfiguration (A-100.01)

The Anacostia Depot Reconfiguration project provides for the planning, design, and reconfiguration of the Anacostia Depot.



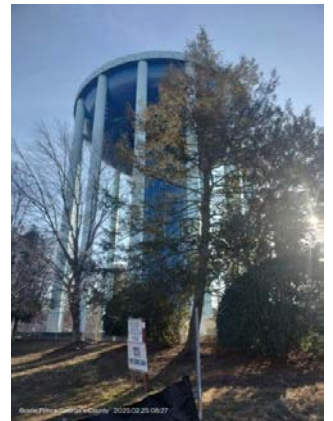
The Reconfiguration includes improving efficiency of operations, updates to current building codes, regulations, and Americans with Disabilities Act (ADA) requirements. It also includes improving energy efficiency of facilities and the replacement of assets that are at or beyond their useful life. Constructed in the 1970's, the Anacostia Depot is the largest of WSSC Water's four depots. The depot houses several critical functions including the workshop and administrative space for the Industrial Assets Maintenance Division and Facility Services, the water meter testing and hydrant shop, the heavy equipment shop, and the Fleet Services Division building.

The depot is constrained by CSX railroad tracks that traverse the site, leading to operational inefficiencies when vehicles and staff must wait for trains to pass. The site also has floodplain vulnerabilities due to the effects of climate change. In June 2019, a facility wide condition assessment was undertaken to identify deficiencies in existing facilities and provide a recommended course of action to remedy issues. The study identified a significant number of deficiencies including electrical, mechanical, accessibility and safety shortfalls. A facility master plan was subsequently commissioned to provide a more detailed analysis of potential renovation and new build scenarios which was finalized in June 2021.

The projected six-year total cost for this project is \$67.7 million. During Fiscal Year 2027, this project is investing \$24.0 million to the Anacostia Depot Reconfiguration.

Water Storage Facility Rehabilitation Program (W-105.00)

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. 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 total six-year cost of the program is \$50.4 million. During Fiscal Year 2027, the program is investing \$29.3 million to the rehabilitation of water storage facilities.

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. Federal and state policies allow for WSSC Water's debt to be "tax exempt" from income taxes which tends to produce financing at a lower rate of interest than taxable debt.

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 purpose of the IIF 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. With tax levy as a backstop, WSSC Water's debt provides strong credit that includes both safety of repayment and low risk investment return for investors.

DEBT SERVICE AND OBLIGATION PURPOSE

Debt Service Budget

The proposed debt service expense is based upon paying the FY 2027 principal and interest payments on current outstanding debt as of June 30, 2025, budgeted new debt issues approved for FY 2026 and the proposed issuance of \$491.1 million in new debt for FY 2027 (\$277.3 million for water and \$213.8 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 2027-2032, as well as the Information Only projects included in the CIP document. The FY 2027 Proposed Budget for debt service expenses is \$388.4 million, an increase of \$14.6 million or 3.9% more than the FY 2026 Approved Budget of \$373.8 million. This increase is driven primarily by rising construction costs, including continued escalation in materials and labor, as well as the need to keep pace with critical asset management and infrastructure reinvestment requirements, including system modernization efforts necessary to reduce operational risk, maintain system reliability, and meet future service demands. The FY 2027 Proposed Budget includes debt service principal and interest payments and all bond sale 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

Historically, General Construction bonds were 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 continues to construct projects serving one residence or providing relief

DEBT SERVICE AND OBLIGATION PURPOSE (Continued)

from a residential health hazard. As of FY 2024, general construction bonds are not longer being issued by WSSC Water, instead, construction costs are financed through Water Supply and Sewage Disposal bonds.

Green Bonds

Green bonds are a type of bond 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 ensure all communities thrive by ethically delivering safe, reliable and sustainable water and wastewater services.

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/facilities
- Pollution prevention and control
- Renewable energy
- Water quality
- Climate change adaptation

The Potomac WFP Consent Decree Program (W -73.33), one of first to be Green bond funded, is scheduled to be completed in FY 2026. WSSC Water management will review capital programs in FY 2027 to explore adding a new program for Green bond financing. For FY 2027, the Large Diameter Water Pipe & Large Valve Rehabilitation Program will remain and continue to be financed with Green bonds. Green bond proceeds are specifically directed to pay the costs of design, construction, property acquisition and other related costs necessary for selected projects. WSSC Water produces an annual report detailing how the Green bond proceeds are used to finance selected projects, a project description, and details of the environmental benefits. 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 issuing debt 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.

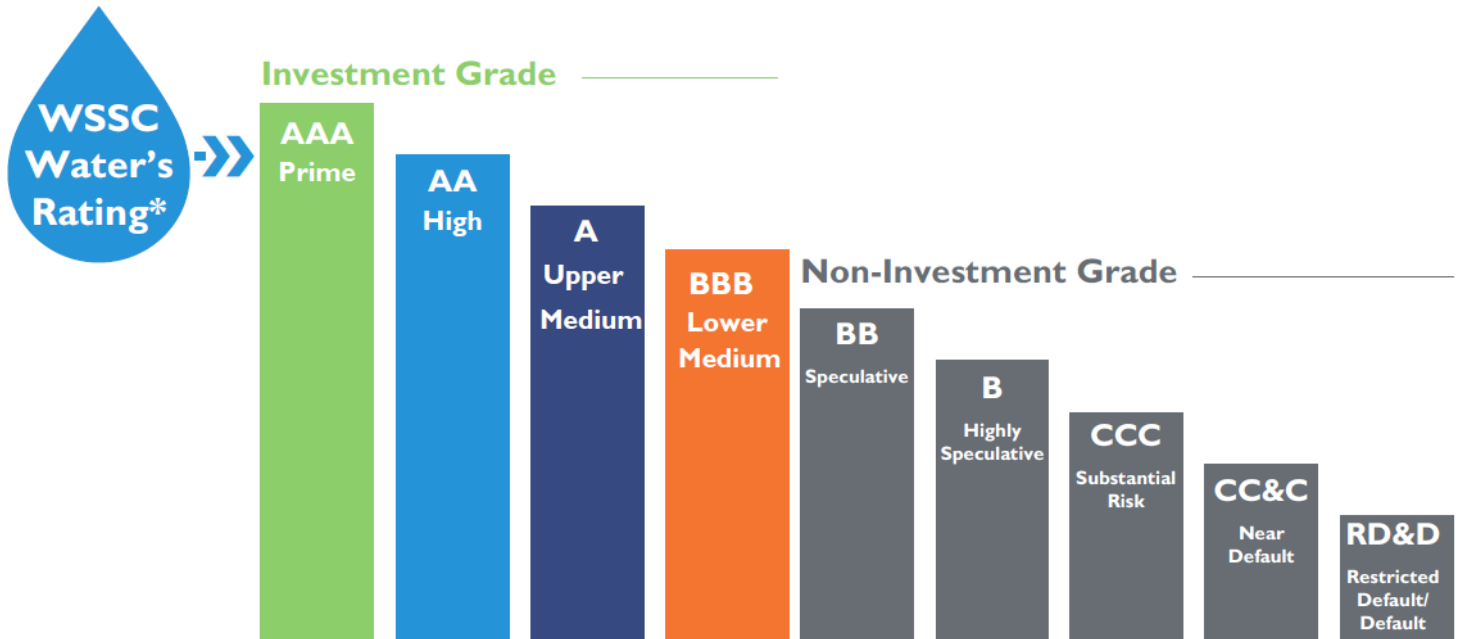
Rating Agency Reviews

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 Rating 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 the highest ratings for their bonds primarily due to the underlying credit worthiness of Montgomery and Prince George's Counties, strong liquidity, demonstrated ability to manage expenses and rate increase, and prudent policies, as well as the pledge of the levy of an unlimited ad valorem tax upon the assessable property of the WSSD. All of these factors are considered evidence of WSSC Water's ability, willingness and commitment to responsibly manage debt obligations. WSSC Water's management works aggressively to meet the evolving credit standards of the three major credit agencies by adhering to financial targets for commonly used credit metrics. The outcome of these metrics endures

DEBT SERVICE AND OBLIGATION PURPOSE (Continued)

sufficient debt coverage and liquidity. For 24 consecutive years WSSC Water has achieved highest bond rating. The WSSC Water management is committed with continue to work expeditiously to maintain and preserve our “stable” AAA rating.

Credit Rating Scale



* WSSC Water benefits from a low cost of borrowing (interest expense) due to its highest level AAA rating by all three credit rating agencies – S&P Global Rating, Moody's Ratings, and Fitch Ratings

* If under the current fiscal year market environment WSSC Water incurred a lower credit rating by one notch or AA rating level, interest expense on debt issued would increase. For example, FY 2026 WSSC Water debt issuance at \$473.1 million with a lower credit rating would add an additional \$5.9 million in interest expense over the 30 year life of the debt

* If a one notch downgrade was maintained for all six years of the current approved FY 2026 through FY 2031 financial plan, the interest expense on issued debt would increase by an additional \$37.7 million over the life of the debt

OUTSTANDING DEBT

Debt Principal and Interest Obligations

Debt Principal and Interest Obligations (\$ in millions)			
Year	Principal	Interest	Total
2026	202.4	148.0	350.4
2027	201.9	140.8	342.7
2028	202.8	133.6	336.4
2029	198.0	126.9	324.9
2030	193.0	119.8	312.8
2031	185.6	112.9	298.5
2032	172.6	106.4	279.0
2033	157.7	100.3	258.0
2034	162.7	94.7	257.4
2035	157.2	89.6	246.8
2036	159.1	84.2	243.3
2037	156.8	78.9	235.7
2038	158.7	73.6	232.3
2039	164.1	68.1	232.2
2040	169.5	62.5	232.0
2041	175.1	56.8	231.9
2042	225.6	50.8	276.4
2043	172.2	43.7	215.9
2044	177.8	38.0	215.8
2045	164.4	32.1	196.5
2046	163.2	26.4	189.6
2047	137.9	20.8	158.7
2048	115.0	16.1	131.1
2049	95.2	12.3	107.5
2050	86.1	9.3	95.4
2051	73.0	6.7	79.7
2052	59.2	4.2	63.4
2053	40.4	2.1	42.5
2054	20.1	0.7	20.8
Total	\$ 4,347.4	\$ 1,860.2	\$ 6,207.6

¹ The debt summary and schedule include General Construction, Water Supply, Sewage Disposal, Maryland Water Quality Bonds and Water, Sewer 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 \$4.3 billion as of June 30, 2025, a 3.0% increase over the June 30, 2024, figure of \$4.2 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, clean water regulatory changes, and continued need to keep infrastructure up-to-date through water and sewer reconstruction programs, which are capital-intensive undertakings.

	Outstanding 06/30/24	% of Total	Outstanding 06/30/25	% of Total
Water Supply Bonds ¹	\$ 1,808,013,747	44.1%	\$ 1,905,343,954	44.7%
Sewage Disposal Bonds	1,861,073,521	45.3%	1,915,779,433	45.0%
General Construction Bonds	111,138,731	2.7%	100,022,613	2.3%
Maryland Water Quality Bonds ²	328,711,973	8.0%	337,123,278	7.9%
Total Bonds	\$ 4,108,937,972	100.0%	\$ 4,258,269,278	100.0%
Water, Sewer and General Notes	110,300,000		89,100,000	
Total Principal Debt Outstanding	\$ 4,219,237,972		\$ 4,347,369,278	

¹Includes \$198,055,000 in Green Bonds

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

FY 2027 Estimated Debt Outstanding

The estimated principal debt outstanding at the end of FY 2027 is built upon a base of the existing outstanding debt from past issuance (as of June 30, 2025), the anticipated debt sale for FY 2026 and the proposed debt in FY 2027, along with the estimated principal payments in FY 2026 and FY 2027. The table that follows shows that the existing outstanding debt of \$4.3 billion as of June 30, 2025, is projected to grow to a total of \$4.9 billion as of June 30, 2027, an increase of 12.8%.

Total Principal Debt Outstanding, June 30, 2025		\$ 4,347,369,278
Less: Estimated Principal Payments		
FY 2026 for All Outstanding Bonds and Notes as of June 30, 2025		(202,389,876)
FY 2027 for All Outstanding Bonds and Notes as of June 30, 2025		(201,875,310)
Existing Principal Debt Outstanding		\$ 3,943,104,092
Plus:		
FY 2026 Budgeted New Debt Issues:		
Water Supply Bonds		284,388,000
Sewage Disposal Bonds		210,053,000
General Construction Bonds		-
FY 2027 Proposed New Debt Issues:		
Water Supply Bonds		277,305,000
Sewage Disposal Bonds		213,797,000
General Construction Bonds		-
Less: Estimated Principal Payments:		
FY 2026 for Budgeted New Issues as of June 30, 2026		(8,104,651)
FY 2026 and FY 2027 for Budgeted and Proposed New Issues as of June 30, 2027		(16,519,280)
Total Estimated Debt Outstanding (As of June 30, 2027)		\$ 4,904,023,161

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	\$ 135,853,635
3.8% of Total Assessable Tax Base of All Real Property	14,927,676,038
Total Debt Limit (As of June 30, 2024)	\$ 15,063,529,673
Less: Total Estimated Debt Outstanding (As of June 30, 2026)	\$ (4,904,023,161)
Legal Debt Margin	\$ 10,159,506,512

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, 2025 the total outstanding debt of \$4.3 billion represented 28.9% 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
2025	\$ 394,774,346	\$ 15,063,530	\$ 4,347,369	28.9%
2024	381,195,128	14,548,033	4,219,238	29.0%
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%

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 2025), which are being used as an approximation of the values for the WSSD.

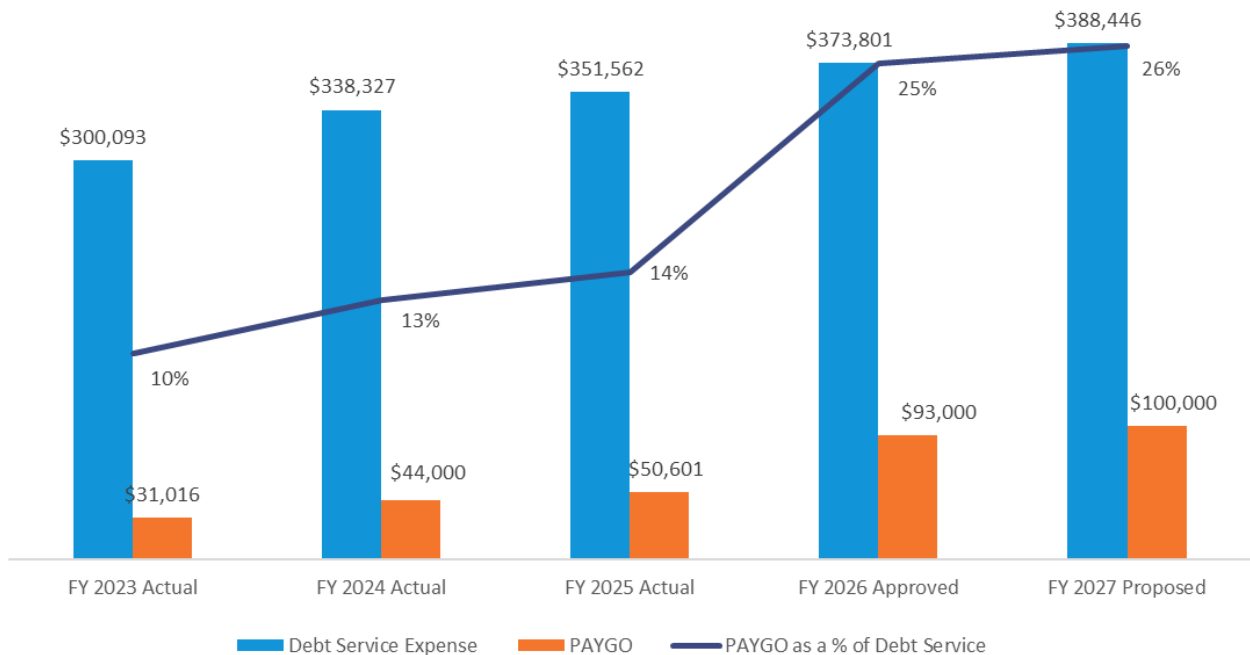
DEBT SERVICE TRENDS

Water and Sewer Debt Service and PAYGO

The water and sewer debt service expenses (\$388.4 million in FY 2027) are funded by WSSC Water ratepayers through water consumption and sewer use charges and the IIF. WSSC Water's capital investment program uses Pay-As-You-GO (PAYGO) financing each fiscal year to reduce the amount of planned debt issued for capital projects, thereby lowering total debt principal and future debt service requirements. The chart below reflects a smoothing of debt service expense growth through the increase in PAYGO to 26% of debt service in FY 2027. PAYGO in five fiscal years has lowered the year-over-year debt service growth from 12.7% in FY 2023 to 2024 actual to 3.9% in the FY 2026 Approved to FY 2027 Proposed Budget. This not only supports achievement of critical debt metrics targets, but also avoids recovering over \$200 million in interest expense from our customers if PAYGO was not used and long-term debt issued.

The chart that follows also shows annual water and sewer debt service expenses and PAYGO for FYs 2023-2027. WSSC Water's requirements for water and sewer debt service have been increasing, from a total of \$331.1 million in debt service and PAYGO in FY 2023 to an estimated \$488.4 million in FY 2027. 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.

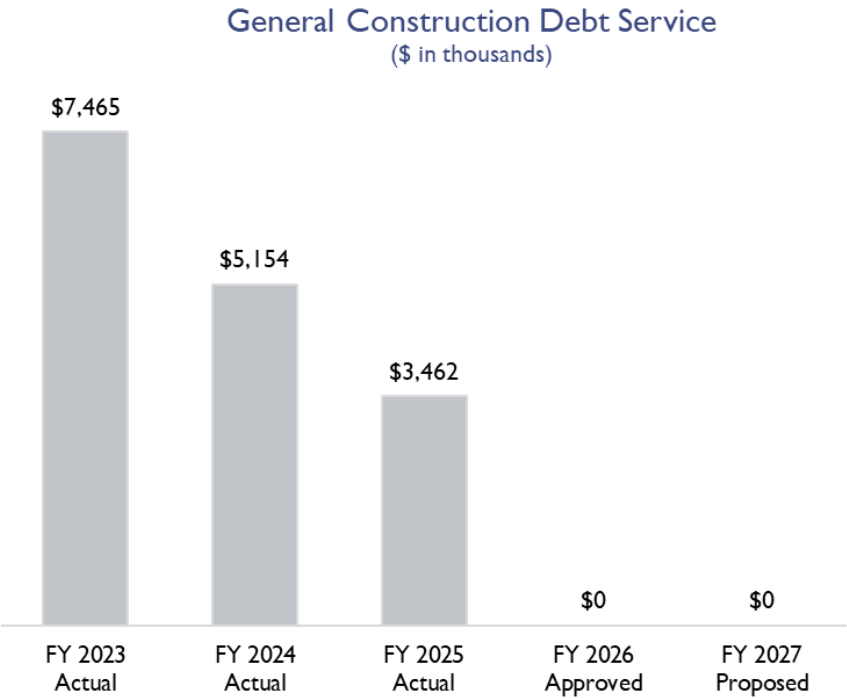
Debt Service Expense and PAYGO
(\$ in thousands)



DEBT SERVICE TRENDS (Continued)

General Construction Debt Service

The new issuance of General Construction bonds has decreased over the past fiscal years as financing for system extension projects is primarily paid for by developers. Correspondingly, debt service requirements have decreased from \$7.5 million in FY 2023. At year-end FY 2024, WSSC Water paid off \$19.6 million in principal outstanding General Bond Anticipation Notes that contributed to the elimination of debt service expense to the General Bond Debt Service Fund in FY 2026. Any continued debt service expense related to General Construction bonded debt are paid through expense transfers to the Water and Sewer Operating Funds.



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 \$200.3 million included in the Fiscal Year (FY) 2027 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 2027 (\$ in thousands)
S - 1.01 Sewer Reconstruction Program	Ongoing	\$ 114,046
S - 22.11 Blue Plains WWTP: Pipelines & Appurtenances	Ongoing	46,976
S - 170.09 Trunk Sewer Reconstruction Program	Ongoing	26,446
W - 73.33 Potomac WFP Consent Decree Program	Construction	12,855
Total Water Quality Projects		\$ 200,323

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/waterquality>.



LEAD AND COPPER RULE IMPROVEMENTS

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 result, the 90th percentile from the most recent round of monitoring, performed in FY 2024, was below 2.0 parts per billion (ppb), far below the EPA's Action Level of 15 ppb.

Building on this foundation, WSSC Water is preparing for continued compliance with EPA's Lead and Copper Rule Improvements (LCRI). LCRI was published in October 2024 and compliance will begin November 1, 2027, increasing requirements significantly to better protect public health. The changes in the new regulation include expanded customer tap sampling, monitoring from schools and childcare facilities, service line inventory, replacement plan and sampling plan. The new regulation decreases the Action Level (AL) from 15 to 10 ppb. In addition, the new regulation requires all lead and galvanized requiring replacement (GRR) service lines be replaced between 2027 and 2037. WSSC Water plans to engage with the provisions of this rule ahead of and continuing after the compliance start date.

Proactive activities before the LCRI compliance start date include:

- Development of service line inventory: All service lines, regardless of ownership, must be categorized as either lead service lines (LSL), 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 and GRR materials. WSSC Water published their service line inventory online for public viewing in October 2024. Customers can use the interactive map to look up their home's service line material
- Development of the LSL Replacement Plan: If any LSL, GRR, or unknown lines exist, WSSC Water must develop a replacement plan to replace the full-service line to be submitted by November 1, 2027
- Proactive LSL replacement: If any service line is determined to be lead or GRR, WSSC Water will initiate a full replacement. Proactive replacement reduces the probability of an AL exceedance while also allowing WSSC Water to replace all required lines well ahead of the 2037 deadline
- Proactive Sampling Program: All customers can request a free lead sampling kit to sample and test for lead in their home's drinking water (limit one kit per address per year). Beginning in 2026 additional proactive sampling will be conducted at childcare facilities within the service area

Once LCRI compliance begins on November 1, 2027, planned activities include:

- Customer Tap, School and Licensed Childcare Sampling: Customer tap sampling requires 100 sites to be sampled every 6 months. WSSC Water must also sample 20% of elementary schools and licensed childcare facilities each year for the first five years of compliance
- Continued LSL and GRR Replacement ahead of 2037 deadline to replace all eligible lines in the service area
- Annual LSL Inventory Update: WSSC Water will continue updating the service line inventory and reporting the results on an annual basis
- Optimized Corrosion Control Treatment: WSSC Water currently monitors 26 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

PER- AND POLYFLUOROALKYL SUBSTANCES (PFAS) Rule

Per- and Polyfluoroalkyl substances (PFAS) are a large group of humanmade chemicals used to make products resistant to heat, oil, stains and water. PFAS chemicals are widely used and long lasting, components of which break down very slowly over time. PFAS are found in water, air, fish and soil at locations across the nation and the globe. Scientific studies have shown that exposure to PFAS in the environment may be linked to harmful health effects in humans and animals. While drinking water and wastewater systems do not produce or use PFAS, they can receive these chemicals from industrial processes, manufacturing facilities and common household products.

Drinking Water

In April 2024, the EPA finalized the first national drinking water standards for PFAS, establishing legally enforceable maximum contaminant levels (MCLs) for six key compounds – PFOA, PFOS, PFNA, PFHxS, GenX (HFPO-DA) and Mixtures containing two or more of PFHxS, PFNA, HFPO-DA and PFBS. Public water systems, including WSSC Water, must complete initial monitoring by 2027 and comply with the new MCLs by 2029.

WSSC Water has been proactively monitoring PFAS since 2020. Compliance samples are collected and analyzed quarterly, and results are averaged annually. The following tables display WSSC Water's compliance testing results for its two water filtration plants (WFPs) - Patuxent and Potomac. Our drinking water currently meets the EPA's final standards.

Patuxent Water Filtration Plant

PFAS Chemical	Running Annual Average	EPA Regulation	Meeting the Regulation?
PFOA	0 ppt	4 ppt	YES
PFOS	0 ppt	4 ppt	YES
PFHxS	0 ppt	10 ppt	YES
PFNA	0 ppt	10 ppt	YES
HFPO-DA (GenX)	0 ppt	10 ppt	YES
Mix of two or more of PFHxS, PFNA, HFPO-DA (GenX) and PFBS	0	Hazard Index of 1	YES

Annual average as of July 2025

Potomac Water Filtration Plant

PFAS Chemical	Running Annual Average	EPA Regulation	Meeting the Regulation?
PFOA	0 ppt	4 ppt	YES
PFOS	1.1 ppt	4 ppt	YES
PFHxS	0 ppt	10 ppt	YES
PFNA	0 ppt	10 ppt	YES
HFPO-DA (GenX)	0 ppt	10 ppt	YES
Mix of two or more of PFHxS, PFNA, HFPO-DA (GenX) and PFBS	0	Hazard Index of 1	YES

Annual average as of July 2025

PER- AND POLYFLUOROALKYL SUBSTANCES (PFAS) Rule (Continued)

Wastewater

While there are currently no enforceable PFAS limits to the wastewater system, WSSC Water are proactively preparing for future regulations and remain committed to being responsible stewards of the environment. WSSC Water regularly monitors PFAS in influent, effluent and biosolids (residuals) processes through WSSC Water's six Water Resource Recovery Facilities (WRRFs). Additionally, WSSC Water began sampling in its wastewater collection system in 2025.

Actions

WSSC Water has invested significant resources to understand PFAS throughout both the water and wastewater systems and to reduce or eliminate sources of contamination.

Actions taken include:

- Expanding the agency's laboratory with state-of-the-art equipment for PFAS analysis
- Launching a comprehensive source control plan to identify and target PFAS in the watershed and sewer basin
- Leading and collaborating in nationally recognized PFAS research projects to identify and eliminate PFAS sources

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 identifying and assessing current and future water quality and safety issues in the shared upstream water resources and to collectively find solutions and build awareness around these concerns. WSSC Water plays key roles in the Potomac River Basin Drinking Water Source Protection Partnership and the Patuxent Reservoirs Watershed Protection Group.



In addition to the agency's effort to manage the land around our two reservoirs, both residential and commercial customers have key roles to play in protecting our sources of drinking water by:

- Picking up litter and placing it in covered trash or recycling bins
- Using fertilizers and pesticides sparingly
- Washing your car at a car wash, not in your driveway or in the street
- Keeping leaves out of storm drains
- Using road salt sparingly during winter weather
- Picking up after your pet
- Planting ground cover to prevent erosion of bare soil on your property
- Never hose spilled automotive fluids into the street where they will run into the storm drain

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. The water WSSC Water delivers to customers is lead-free. However, lead can get into water as it passes through household plumbing and/or faucets and fixtures that contain lead. Another source of lead in homes comes from paint.

In addition to the continued compliance with the Environmental Protection Agency's (EPA) enhanced Lead and Copper Rule, an important national public health initiative to remove lead from America's drinking water, WSSC Water recommends the following steps to further reduce lead exposure:

- Know your pipe type. The EPA's LCRI focuses on identifying pipe materials, including those on private property. WSSC Water customers can use our user-friendly inventory map <http://www.wsscwater.com/pipe-type> to see the pipe material.
- Before drinking or cooking, flush pipes for 5 min by running the tap, taking a shower, doing laundry or dishes. This is necessary if the water has not been used for at least 6 hours

WATER QUALITY CAMPAIGNS (Continued)

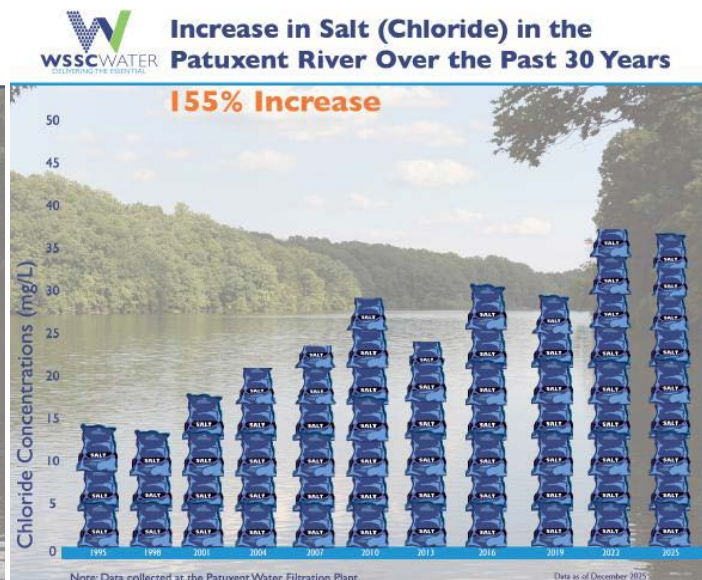
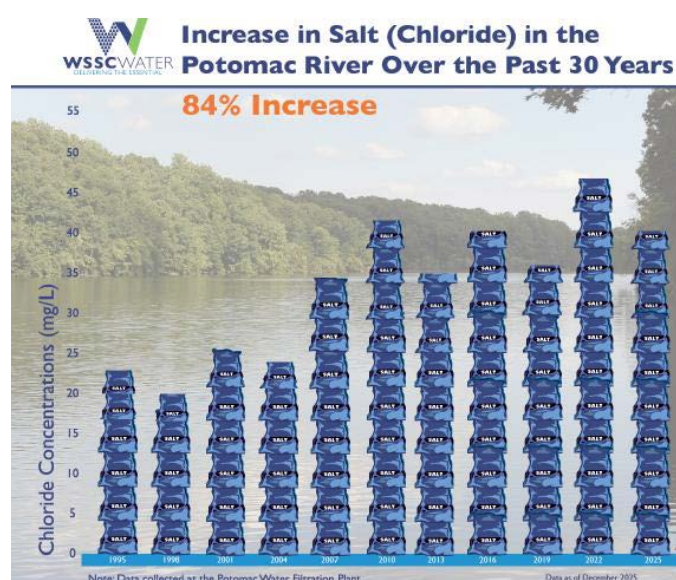
Lead Prevention In Drinking Water (Continued)

- Use cold water for drinking, cooking and preparing baby formula. Boiling water does not remove lead.
- Periodically remove debris from faucet strainers – recommended twice a year
- Have an electrician check the grounding in the home
- Consider using a water filter certified to remove lead
- Replace Old Fixtures. Faucets and fixtures installed prior to 2014 do not meet today's requirements for "lead free" fixtures.

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. Over the past 30 years, the average salt 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
- Sweep and collect any sand, salt, or undissolved deicer at the end of a weather event for 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

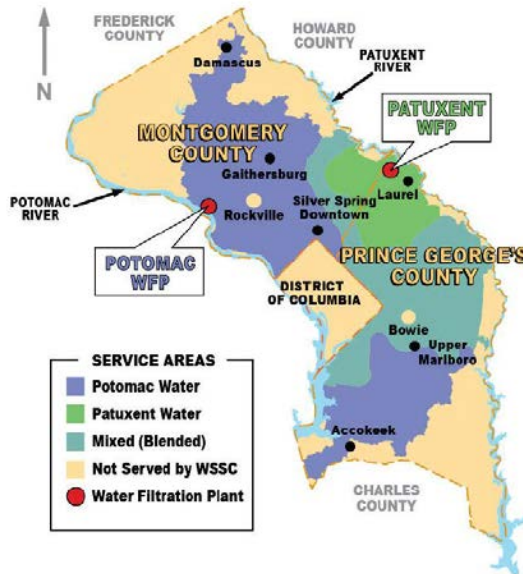
WSSC Water adopted the U.S. Food and Drug Administration recommendations to not dispose of unused or expired pharmaceutical drugs into the sanitary sewer system. Any pharmaceutical flushed down the toilet or discharged to the sanitary sewer system could potentially make its way into the drinking water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

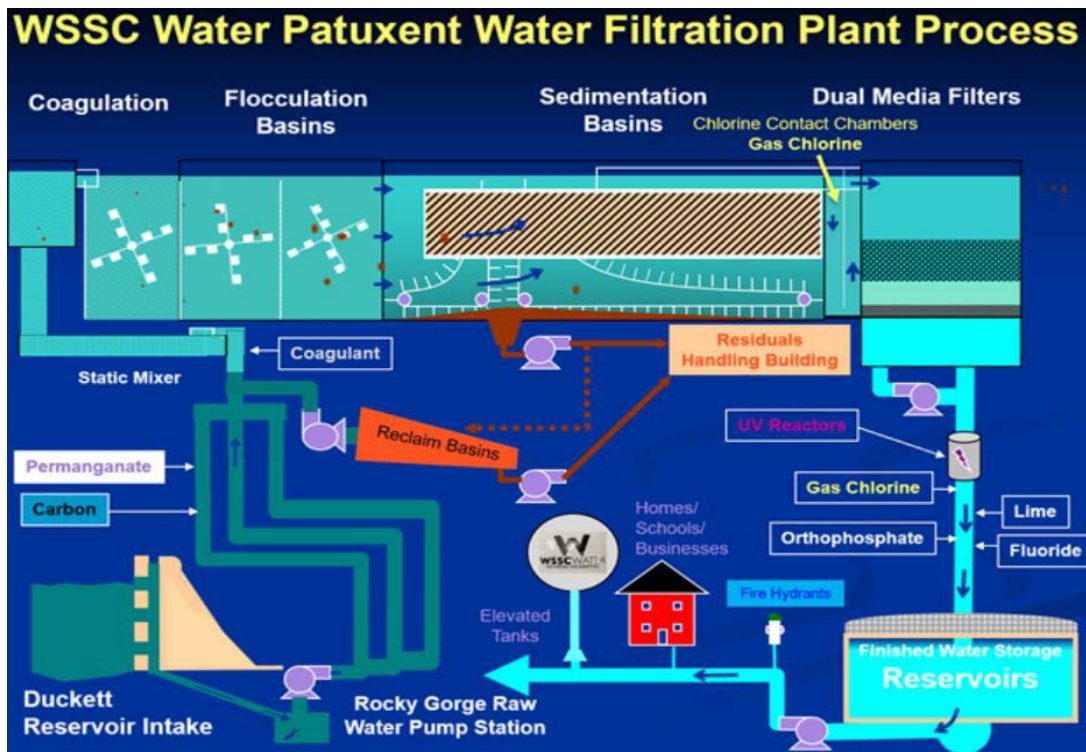
As for other hazardous wastes such as household cleaners, pesticides, paints, motor oil and prescription drugs: never pour them down the drain, in the toilet, on the ground or in storm drains. The best place to take these hazardous substances is to a recycling center. Please contact your County's solid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



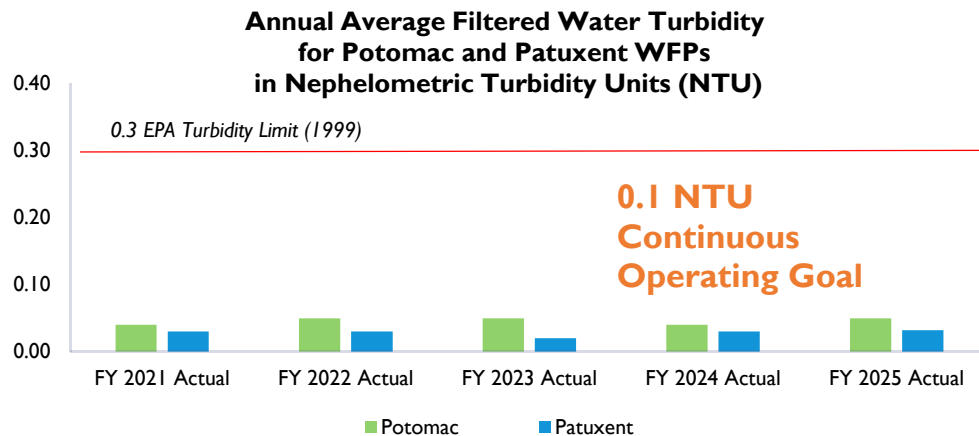
PERFORMANCE OF KEY SERVICES (Continued)

Water Filtration and Treatment - Turbidity

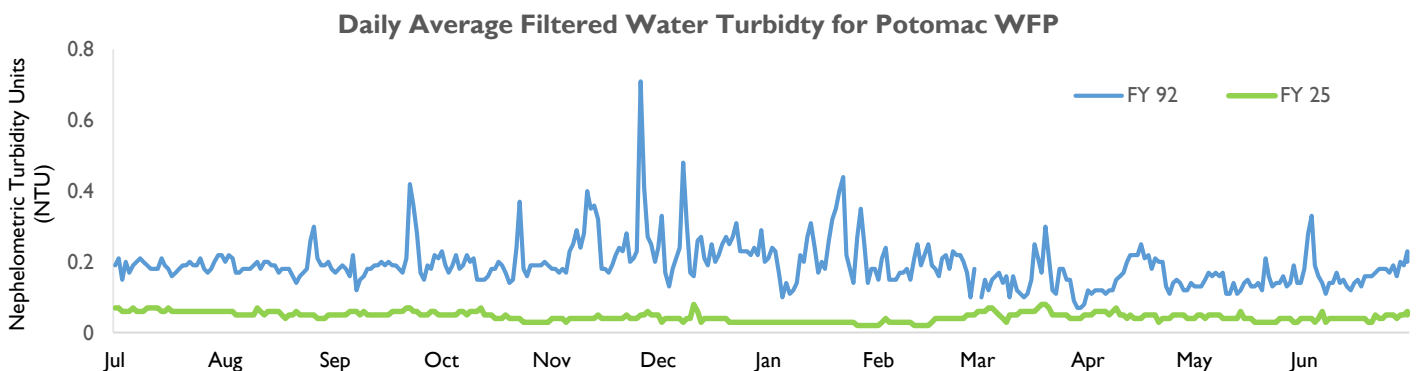
WSSC Water has never exceeded a maximum contaminant level or failed to meet a treatment technique requirement established by the EPA in accordance with the Safe Drinking Water Act.

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.

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 2021 - 2025. 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.



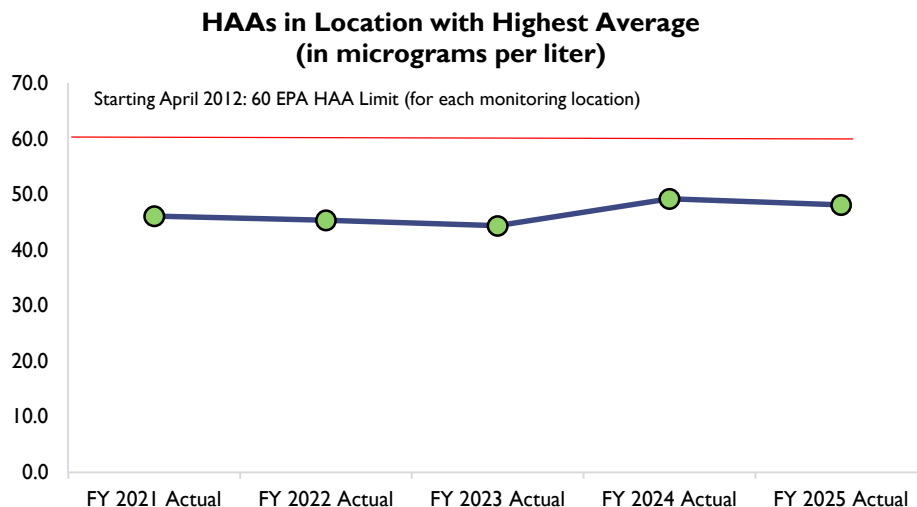
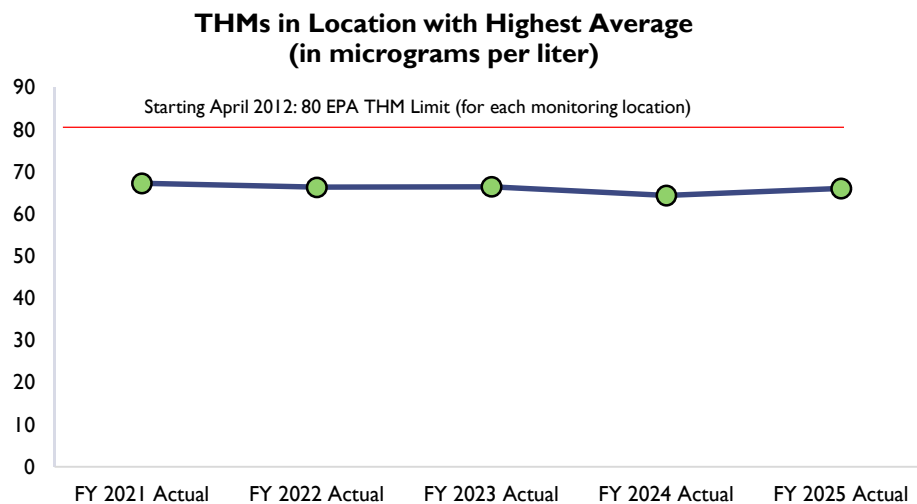
Not only has average turbidity been reduced, but also, as shown in the graph below for the Potomac WFP, the magnitudes of the daily peaks associated with variable raw water quality have been substantially reduced from FY 1992 peak levels. This latter measure is of particular importance in ensuring the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

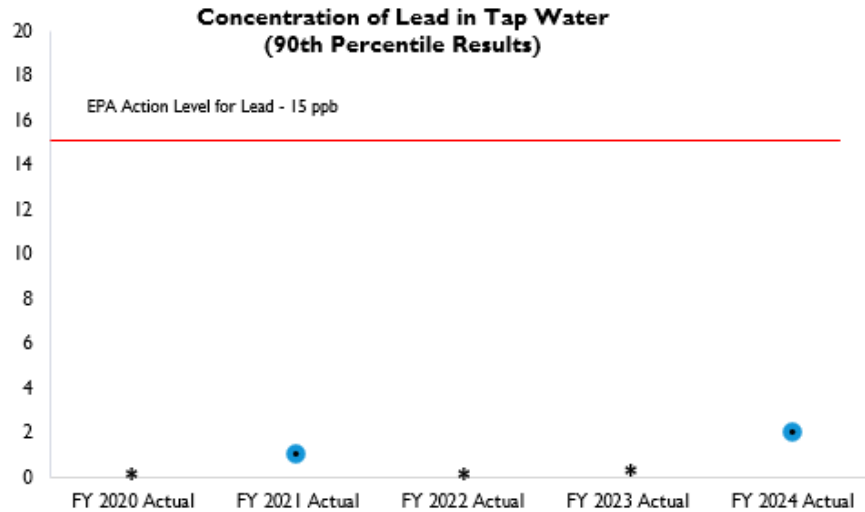
WSSC Water has also been aggressively pursuing enhanced coagulation (optimization of coagulant doses and pH levels to improve total organic carbon removal) to enhance disinfection byproduct precursor removal, thereby lessening the formation of potential carcinogens in the finished water. Effective January 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.



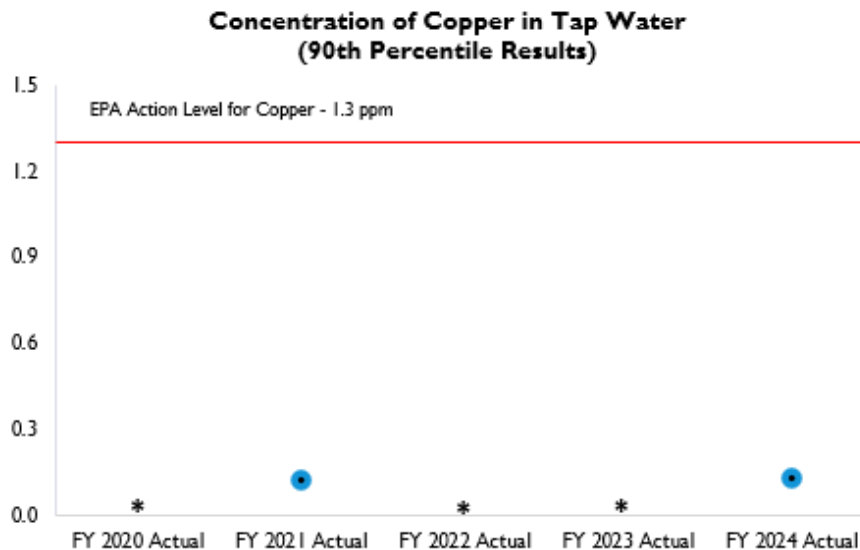
PERFORMANCE OF KEY SERVICES (Continued)

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.



*No sampling required in these years.

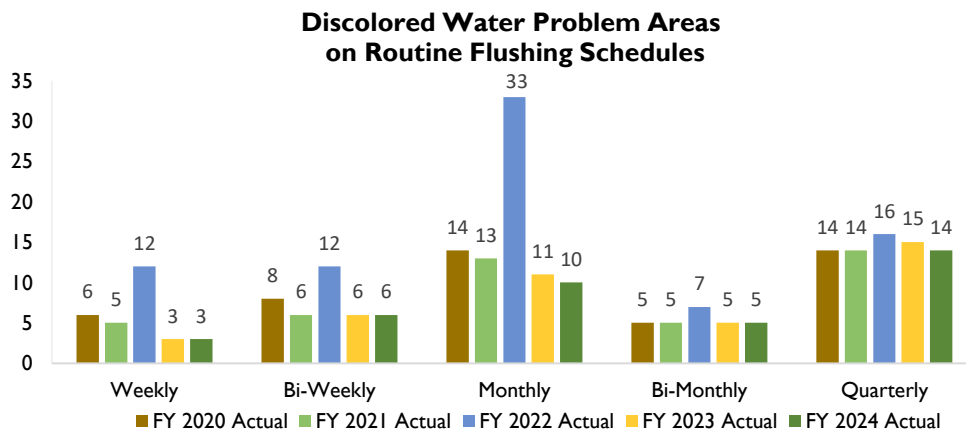
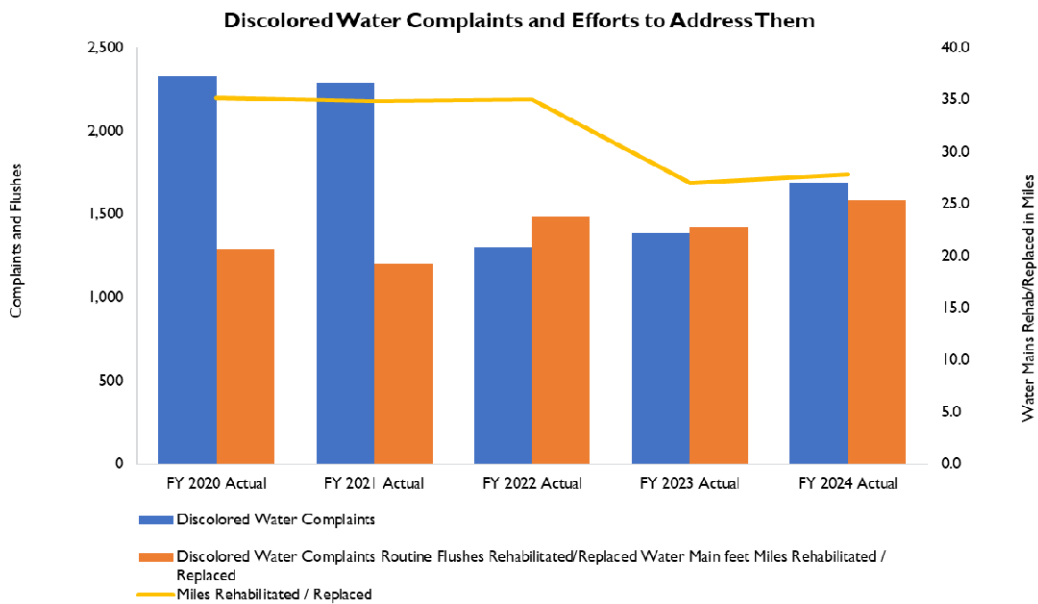


*No sampling required in these years.

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 2024 the agency replaced 18.8 miles of distribution mains and 9.0 miles of transmission mains. The FY 2024 program was impacted by challenges in material availability and supply chains. The Systems Enhancement Unit replaced 3.2 miles of distribution mains. In addition, total discolored water events increased from 1,390 to 1,691 as additional analysis was identified for a few areas. The total routine flushing of water mains increased from 1,420 to 1,587 in FY 2024. We have a new flushing program that targets the discolored water problem areas. During FY 2024 we completed 643 NO-DES work orders (Neutral Output Discharge Elimination System).

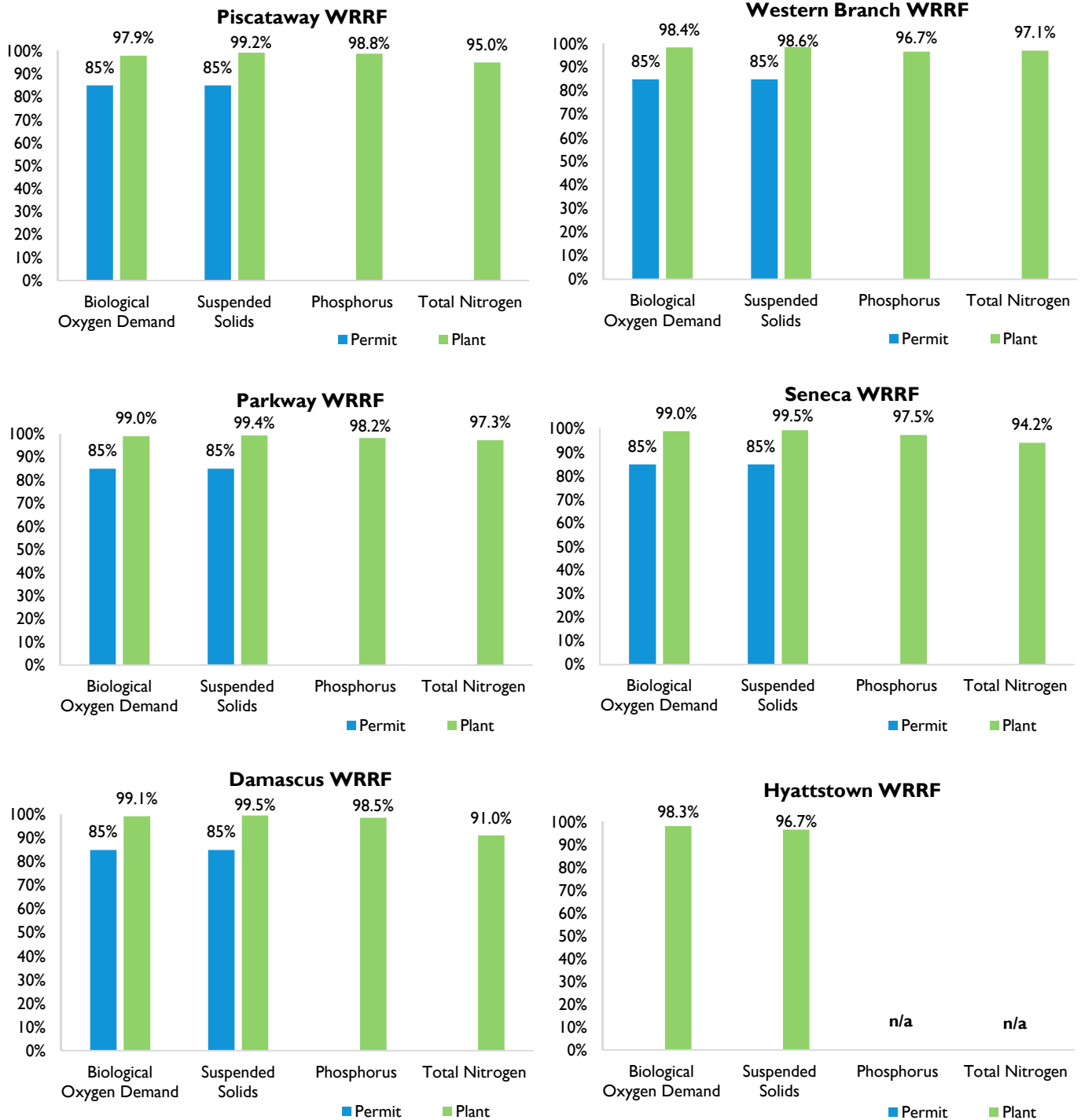


The graph above shows the number of areas requiring regular flushing on a weekly, bi-weekly, monthly, bi-monthly, quarterly, or semi-annual basis.

PERFORMANCE OF KEY SERVICES (Continued)

FY 2025 Percentage Removal of Substances Regulated by Discharge Permits

The following graphs present actual FY 2025 plant performance for WSSC Water's six 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. There are no permit requirements for % removal of Phosphorus and Total Nitrogen for all plants. In addition, there are no specific permit requirements for Hyattstown WRRF due to the plant's small size. For FY 2027, the Production Department will continue to pursue its goal of meeting or surpassing the permit requirements where applicable.



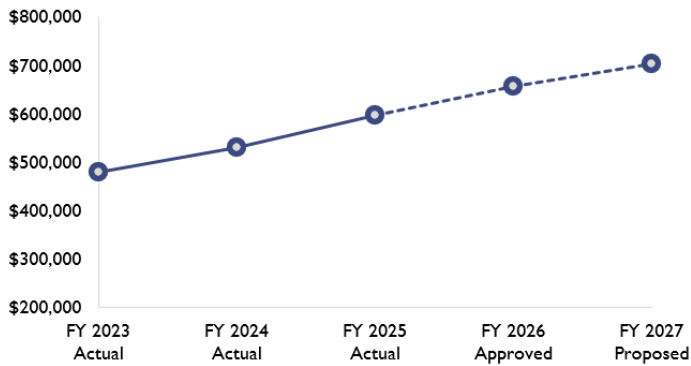
Note: ■ Permit should be less than ■ Plant

PERFORMANCE OF KEY SERVICES (Continued)

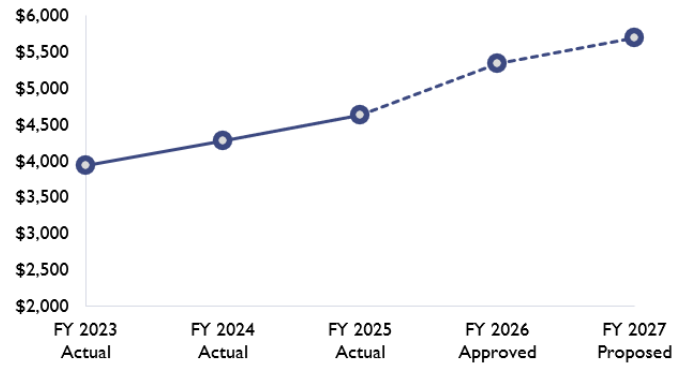
Water and Wastewater Operations

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 2025 through FY 2027. These increases are primarily due to inflated chemical costs as well as increased water and wastewater operating costs.

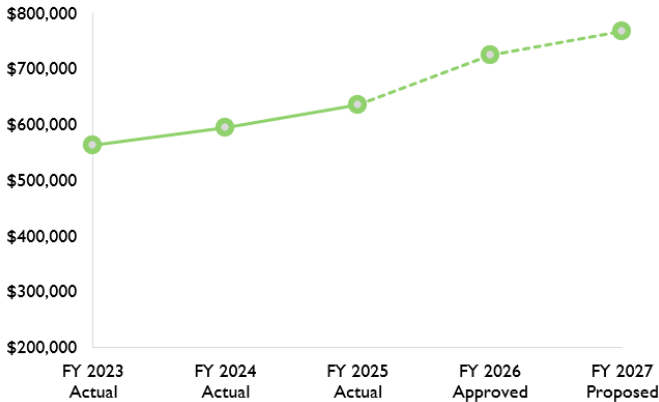
Water Production Cost per 1,000 Customer Accounts



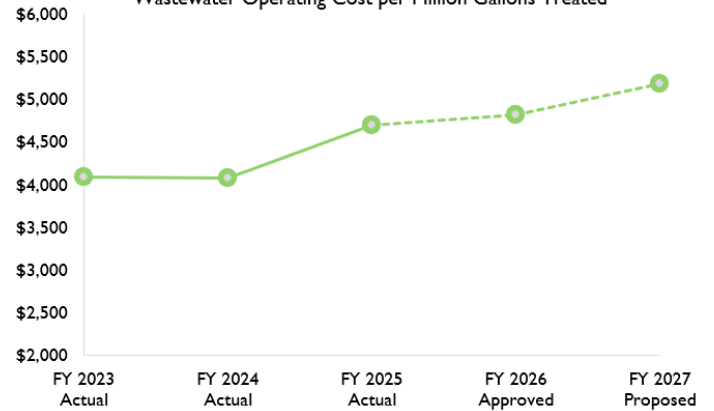
Water Operating Cost per Million Gallons Produced



Wastewater Treatment Cost per 1,000 Customer Accounts



Wastewater Operating Cost per Million Gallons Treated



Note: FY 2026 and FY 2027 are budgeted, not actual

SECTION II
ORGANIZATIONAL BUDGETS

COMPARATIVE EXPENSES BY ORGANIZATION ALL FUNDS

Organization	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Change	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Governance								
Commissioners'/Corporate Secretary's Office*	4.2	\$ 828,926	3.0	\$ 747,261	3.0	\$ 772,990	-	\$ 25,729
Office of the Inspector General*	8.3	1,629,362	10.0	2,109,295	10.0	2,401,854	-	292,559
Ethics Office	-	-	3.0	566,040	3.0	577,830	-	11,790
Office of the General Manager								
General Manager's Office	8.0	2,215,752	4.0	1,281,023	4.0	1,540,048	-	259,025
Office of Performance & Accountability	6.8	1,397,021	9.0	1,831,998	9.0	1,775,988	-	(56,010)
Human Resources Department	29.4	5,658,298	37.0	8,356,901	37.0	8,555,012	-	198,111
General Counsel's Office	24.8	13,858,587	31.0	12,409,994	31.0	12,409,858	-	(136)
Finance and Customer Service								
Finance Department	60.3	9,478,043	65.0	11,228,490	65.0	10,951,781	-	(276,709)
Customer Service Department	151.0	19,604,314	157.0	21,345,411	157.0	21,402,271	-	56,860
Engineering & Construction Department	343.5	457,616,094	381.0	644,699,520	381.0	700,142,413	-	55,442,893
Information Technology Department	94.4	63,030,565	119.0	72,207,330	119.0	68,290,748	-	(3,916,582)
External Affairs								
External Affairs Branch Office	-	-	2.0	445,458	2.0	471,083	-	25,625
Communications Office	19.3	4,788,933	14.0	2,684,671	13.0	2,558,125	(1.0)	(126,546)
Office of Supplier Diversity & Inclusion	9.9	1,373,959	10.0	1,596,112	10.0	1,673,026	-	76,914
Procurement Office	30.8	4,299,526	37.0	5,266,649	37.0	5,562,889	-	296,240
Intergovernmental Relations Office	4.0	1,004,453	5.0	1,285,949	5.0	1,276,009	-	(9,940)
Strategic Partnerships and Community Impact Office	-	-	10.0	3,581,914	11.0	6,332,253	1.0	2,750,339
Operations								
Operations Branch Office	-	-	1.0	335,587	1.0	353,205	-	17,618
Production Department	304.5	182,054,868	351.0	205,287,985	351.0	219,521,694	-	14,233,709
Utility Services Department	474.1	136,519,041	564.0	130,421,560	564.0	143,681,193	-	13,259,633
Department of Operational Reliability & Resilience	8.2	2,531,905	17.0	5,947,595	17.0	5,865,059	-	(82,536)
Mission Support								
Mission Support Branch Office	-	-	1.0	317,129	1.0	314,724	-	(2,405)
General Services Department	125.8	79,680,277	146.0	109,636,495	146.0	124,979,827	-	15,343,332
Police & Homeland Security	40.4	6,590,387	45.0	7,323,010	46.0	7,359,310	1.0	36,300
Occupational Health & Safety Division	10.5	3,004,980	18.0	5,496,266	17.0	5,775,977	(1.0)	279,711
Other								
Human Resources Non-Departmental	-	37,785,813	-	40,415,946	-	46,341,476	-	5,925,530
Finance Non-Departmental								
Debt Service	-	355,024,069	-	373,801,000	-	388,446,000	-	14,645,000
PAYGO	-	50,601,000	-	93,000,000	-	100,000,000	-	7,000,000
Other (Social Security, Retirement)	-	33,853,213	-	68,347,690	-	79,281,617	-	10,933,927
Retirement Trust Chargeback	-	(1,771,610)	-	(2,061,479)	-	(1,749,148)	-	312,331
Total	1,758.2	\$1,472,657,776	2,040.0	\$1,829,912,800	2,040.0	\$1,966,865,112	-	\$136,952,312

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

ORGANIZATIONAL UNIT AND FUND MATRIX – ALL OPERATING AND CAPITAL FUNDS

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

Budget: 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
Ethics Office	X	X	X	X	X	X
Office of the General Manager						
General Manager's Office	X	X	X	X	X	X
Intergovernmental Relations Office	X	X	X	X	X	X
Human Resources Department	X	X	X	X	X	X
General Counsel's Office	X	X	X	X	X	X
Finance and Customer Service						
Finance Department	X	X	X	X	X	X
Customer Service Department	X	X				
Engineering & Construction Department	X	X		X	X	X
Information Technology Department	X	X	X	X	X	X
External Affairs						
External Affairs Branch 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
Intergovernmental Relations Office	X	X	X	X	X	X
Strategic Partnerships and Community Impact Office	X	X	X	X	X	X
Operations						
Operations Branch Office	X	X	X	X	X	X
Production Department	X	X		X	X	
Utility Services Department	X	X		X	X	X
Department of Operational Reliability & Resilience	X	X				
Mission Support						
Mission Support Branch Office	X	X	X	X	X	X
General Services Department	X	X	X	X	X	X
Police & Homeland Security	X	X	X	X	X	X
Occupational Safety & Health Division	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 proposed for Fiscal Year (FY) 2027 incorporate the policy and guideline recommendations discussed in Sections 4 and 6.

Salaries & Wages Summary

	<u>FY 2027 Proposed</u>		
	Work Years		Amount
Base Positions Funded Full Year	2,040	\$	243,071,013
Overtime			10,731,249
Subtotal			253,802,262
Lapse on Base Positions*			(10,198,653)
Subtotal			243,603,609
Salary Enhancements			14,512,893
Salary - 6 Commissioners			78,500
Total	2,040	\$	258,195,002

*Lapse is the reduction of gross salary costs due to vacancies and normal delays in filling positions. The lapse for FY 2027 is 4%

Employee Benefits

The following employee benefits are funded in WSSC Water's FY 2027 Proposed Budget through a combination of lump sum or payroll-based contributions.

FICA (Social Security and 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 2026. The employer rates are 6.2% for Social Security and 1.45% for Medicare.

Workers' Compensation – This is managed by the Occupational Health & Safety Division. 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 Commissioners'/Corporate Secretary's Office, Ethics Office and Office of the Inspector General (OIG). OIG promotes accountability and integrity by conducting independent audits and investigations.

Budget Summary

Governance	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Commissioners'/Corporate Secretary's Office*	4.2	\$ 828,926	3.0	\$ 747,261	3.0	\$ 772,990	-	\$ 25,729
Office of the Inspector General*	8.3	1,629,362	10.0	2,109,295	10.0	2,401,854	-	292,559
Ethics Office	-	-	3.0	566,040	3.0	577,830	-	11,790
Total	12.5	\$ 2,458,288	16.0	\$ 3,422,596	16.0	\$ 3,752,674	-	\$ 330,078

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

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.

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 – This activity 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 and regulations. 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.

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 serve as investigators of occurrences reported through the Fraud, Waste and Abuse Hotline.

ETHICS OFFICE

WSSC Public Utilities Article Title 19 establishes an ethics program and requirements for Commissioners and employees. In addition, Maryland's Public Ethics Law requires WSSC Water to have conflict of interest, lobbyist, and financial disclosure requirements that meet or exceed the state's requirements. In accordance with these mandates, the Commission has adopted a Code of Ethics that governs ethics at WSSC Water. Areas addressed include: delegating the administration and interpretation of the Code of Ethics to an independent Board of Ethics; the delegating responsibility for the Ethics program to the Ethics Officer; conflicts of interest; financial disclosure; lobbying and ethics in public contracting. The Ethics Office supports the Board of Ethics and maintains program records.

Mission Statement

To help WSSC Water maintain an ethical culture at all times and provide guidance on ethical decision-making.

Core Activities

Ethics Program Administration – The Ethics Office administers the overall Ethics program and provides support to the Board of Ethics. Responsibilities include investigating allegations of ethical violations, maintaining the Financial Disclosure Forms, managing the Lobbyist Registration Awareness Program and associated registration forms, and preparing annual program reports to state and county leaders. The Ethics Officer handles ethics inquiries, provides ethics training, and monitoring compliance with ethics standards, policies and procedures to ensure compliance.

The Board of Ethics – The Board of Ethics (Board), delegated by Commissioners, has the exclusive authority over ethics at WSSC Water. The Board takes formal actions to interpret and enforce the Code of Ethics and recommends updates and changes to the Code of Ethics. The Board also recommends policies that address ethical concerns, and delegates duties to the Ethics Officer that will further the purpose of the Code of Ethics and the ethics mission of the Commission.

OFFICE OF THE GENERAL MANAGER

Office of Performance & Accountability and Human Resources Department report to the Chief of Staff.

Budget Summary

Office of the General Manager	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
General Manager's Office	8.0	\$ 2,215,752	4.0	\$ 1,281,023	4.0	\$ 1,540,048	-	\$ 259,025
Office of Performance & Accountability	6.8	1,397,021	9.0	1,831,998	9.0	1,775,988	-	(56,010)
Human Resources Department	29.4	5,658,298	37.0	8,356,901	37.0	8,555,012	-	198,111
Total	44.2	\$ 9,271,071	50.0	\$ 11,469,922	50.0	\$ 11,871,048	-	\$ 401,126

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

WSSC Water ensures all communities thrive by ethically delivering safe, reliable and sustainable water and wastewater services.

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 General Manager's Office of Performance & Accountability is responsible for leading the development and implementation of WSSC Water's Strategic Plan. The Office drives organizational performance through departmental performance reviews and facilitation of the STAT program; leverages enterprise risk management as a tool to reduce risk and enhance performance; and manages key initiatives that advance strategic priorities.

Mission Statement

To drive organizational excellence by enhancing performance through data-driven reviews and initiatives and reducing risk to ensure the effective and accountable delivery of WSSC Water's mission.

Core Activities

Strategic Plan Management – This activity oversees the development and execution of the strategic plan by guiding goal setting, prioritizing initiatives, optimizing resource allocation, and aligning stakeholders and employees to ensure effective implementation and sustained success.

Enterprise Risk Management – This activity directs the identification, assessment, and mitigation of risks across the organization, ensuring a proactive approach to managing potential threats. Develop and implement strategies to minimize risk exposure, align risk management practices with organizational goals, and foster a culture of risk awareness.

Departmental Performance Reviews – This activity leads a structured evaluation process to assess departmental performance, effectiveness, and alignment with organizational goals. Analyze key metrics, resource utilization, and operational efficiencies to identify strengths, challenges, and opportunities for improvement.

STAT – This activity conducts regular data-driven STAT meetings to share accurate and up-to-date information, coordinate the development of tactics and strategies, rapidly deploy resources, and relentlessly follow-up for the collective benefit of all stakeholders in the process.

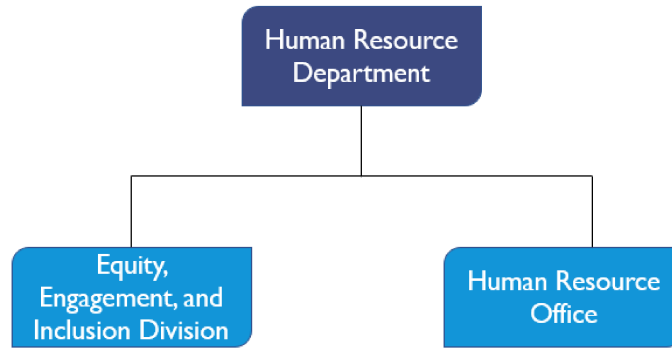
Key Initiatives – This activity facilitates the planning, execution, and tracking of high-priority initiatives that drive organizational growth and strategic objectives. Collaborate across teams to ensure alignment, accountability and continuously monitor progress to achieve set goals.

Data Analysis – This activity performs data analytics projects by conducting rapid assessments and research, uncovering patterns, trends, and insights that might not be immediately apparent. Conduct benchmarking to compare performance against industry standards and best practices. Support decision-making by collecting, analyzing, interpreting, and communicating data to answer key questions and inform strategic actions.

HUMAN RESOURCES DEPARTMENT

The Human Resources (HR) Department serves as a strategic partner dedicated to supporting and enhancing the employee experience while aligning workforce capabilities with organizational goals. The HR Office is responsible for providing comprehensive HR services, including talent acquisition, employee and labor relations, classification and compensation, organizational development, benefits administration, health and wellness, performance management, and talent development.

Organizational Structure



Mission Statement

To foster a thriving, inclusive, and high-performing workforce by delivering strategic human capital solutions that attract, develop, and retain top talent.

Budget Summary

Human Resources Department	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Human Resources Office	25.4	\$ 4,904,348	32.0	\$ 7,300,502	32.0	\$ 7,451,156	-	\$ 150,654
Equity, Engagement and Inclusion Division	4.0	753,950	5.0	1,056,399	5.0	1,103,856	-	47,457
Total	29.4	\$ 5,658,298	37.0	\$ 8,356,901	37.0	\$ 8,555,012	-	\$ 198,111

Explanation of Major Variances

The FY 2027 Proposed Budget for the HR Department reflects an increase of 2.4% above the FY 2026 Approved Budget. The increase is due to a combination of salary enhancements.

Budget Highlights

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

Accomplishments

- Modernized the leave program to be more equitable and competitive with other employers
- Implemented competitive pay adjustments in alignment with a philosophy to lead the market
- Completed a market study and revised salary structure that places WSSC Water in a better competitive position to attract and retain employees.

HUMAN RESOURCES DEPARTMENT (Continued)

Accomplishments (Continued)

- Participated in over 20 career and resource events throughout the service area to include those impacted by the federal government reductions
- Provided career exploration opportunities for 60 college level interns and 11 high school level students
- Enhanced the health and wellness program by expanding the Sleep Charge Program
- Reduced the sick leave bank waiting period from 30 days to 7 days
- Offered over 6,500 learning hours to WSSC Water employees

Community Impact

- The HR Department ensures all positions are adequately graded and compensated to maintain workforce sustainability and operational continuity.

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 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.

Mission Statement

To provide quality employee systems in talent management, employee development, work force development, and total rewards.

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.

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. The activity 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.

HUMAN RESOURCES OFFICE (Continued)

Core Activities (Continued)

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 Values, which include Just, Accountable, Caring, Community-Focused, Excellent and Trustworthy and to ensure our strategies and actions, consistent with those Values. The division also ensures WSSC Water's compliance with Equal Employment Opportunity laws and practices, and enforces employee discrimination, harassment and retaliation issues and complaints in accordance with its regulations, policies and procedures, and enforces the Americans with Disabilities Act to ensure reasonable accommodations are provided to qualified individuals and religious accommodations are provided to employees that practice sincerely held religious beliefs. This division also transforms employee engagement with efforts to assess, design and implement initiatives that support Team H2O by improving awareness of JACCET.

Core Activities

Equal Employment Opportunities – This primary activity is to ensure that JACCET 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.

Accommodations – This activity ensures that WSSC Water provides reasonable accommodations to qualified individuals, as well as religious accommodations to allow employees to practice their sincerely held religious beliefs.



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.

Budget Summary

	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
General Counsel's Office	24.8	\$ 13,858,587	31.0	\$ 12,409,994	31.0	\$ 12,409,858	-	\$ (136)
Total	24.8	\$ 13,858,587	31.0	\$ 12,409,994	31.0	\$ 12,409,858	-	\$ (136)

Explanation of Major Variances

The FY 2027 Proposed Budget is approximately the same as FY 2026 Approved Budget.

Mission Statement

To provide legal representation to WSSC Water in a tradition of excellence in the quality of legal 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. This office also handles subrogation matters.

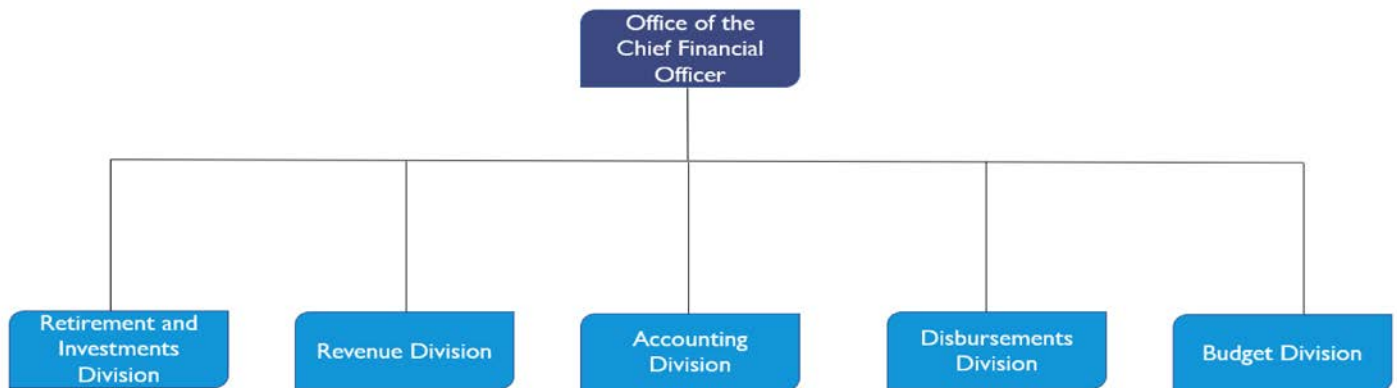
Claims – This activity involves investigating claims made against WSSC Water to determine liability exposure, assessing damages to determine appropriate settlement value, negotiating liability claims settlements and pursuing claims against responsible third parties for damages incurred by the agency,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

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 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.

FINANCE DEPARTMENT (Continued)

Budget Summary

Finance Department	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Chief Financial Officer	2.0	\$ 929,165	4.0	\$ 1,601,590	4.0	\$ 1,332,450	-	\$ (269,140)
Retirement & Investments Division	6.0	1,129,796	6.0	1,225,454	6.0	1,273,920	-	48,466
Revenue Division	13.0	1,630,881	13.0	1,851,658	13.0	1,936,565	-	84,907
Accounting Division	17.0	2,314,510	17.0	2,628,252	17.0	2,748,835	-	120,583
Disbursements Division	12.5	1,541,814	14.0	1,776,786	14.0	1,884,508	-	107,722
Budget Division	9.8	1,931,877	11.0	2,144,750	11.0	1,775,503	-	(369,247)
Total	60.3	\$ 9,478,043	65.0	\$ 11,228,490	65.0	\$ 10,951,781	-	\$ (276,709)

Explanation of Major Variances

The FY 2027 Proposed Budget for the Finance Department reflects an overall decrease of 2.5% from the FY 2026 Approved Budget. The decrease is primarily due to the combined impact of the 5% cost savings plan and the transfer of corporate subscriptions to the Strategic Partnerships and Community Impact Office, partially offset by increases in compensation.

Budget Highlights

- Continued focus on process improvements for the invoice automation system to ensure suppliers are being paid timely

Accomplishments

- WSSC Water maintained its AAA bond rating from all three credit rating agencies, Fitch Ratings, Standard & Poor's (S&P), and Moody's Investors Service, for the 25th consecutive year, with each agency also affirming a stable outlook.
- Successfully completed a General Obligation Bond sale of \$379.4 million, including \$28.5 million in Green Bonds for 30-year terms with a true interest cost of 4.08%
- Successfully completed all external audits with unqualified opinions and no findings
- Was awarded the Government Financial Officers Association Distinguished Budget Presentation Award for the 31st consecutive year
- Implemented two new accounting standards – GASB 101 for Compensated Absences and 102 for Certain Risk Disclosures
- Prepared and delivered numerous presentations on capital and operating budgets to elected officials, County staffs and customers resulting in a 6.0% revenue enhancement for FY 2026
- Successfully migrated the budgeting system from on-premise to the cloud

Community Impact

- 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 Department also reports to the Chief Financial Officer.

Core Activities

Capital Funding – This activity administers all efforts associated with bond and note operations, and Maryland Water Quality loan administration.

Financial Planning – This activity leads long-range financial planning functions, ensuring policy and financial alignment and delivery of WSSC Water initiatives.

Protection of Assets – This activity provides management related to cash flow, investment activities, budgets, accounting, retirement plans, customer service, internal fiscal controls, and analytical studies and reporting.

Financial Representative – This activity provides senior executive leadership and collaborative representation in Commission, local, regional and state government agencies.

Grant Applications & Proposal Development – This activity prepares and submits grant applications, ensuring compliance with funding agency requirements.

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 (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 maintains the financial books and records of WSSC Water and prepares financial statements that fairly present the net position of the agency and the results of its operations; bills and collects charges for reimbursable services and activities performed by the agency; and performs special analyses and conducts studies in support of management decisions and rate calculations.

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.

Internal Financial Statements and Financial Analyses – This activity provides WSSC Water's management with timely information on WSSC Water's financial condition.

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.

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.

Objectives, Milestones and Measures

Objective: Produce a sound, affordable capital spending program Strategic Priority: Affordability & Financial Viability

Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 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	37.5% / 35.5%	35.0% / 35.7%	33.1%	32.5%

Objective: Ensure the long-term fiscal stability and soundness of WSSC Water Strategic Priority: Affordability & Financial Viability

Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 Target
Maintain a debt service coverage ratio (DSCR) greater than or equal to 1.5	Ratio of debt service coverage	1.5 / 1.3	1.5 / 1.3	1.3	1.3

Objective: Minimize borrowing costs Strategic Priority: Affordability & Financial Viability

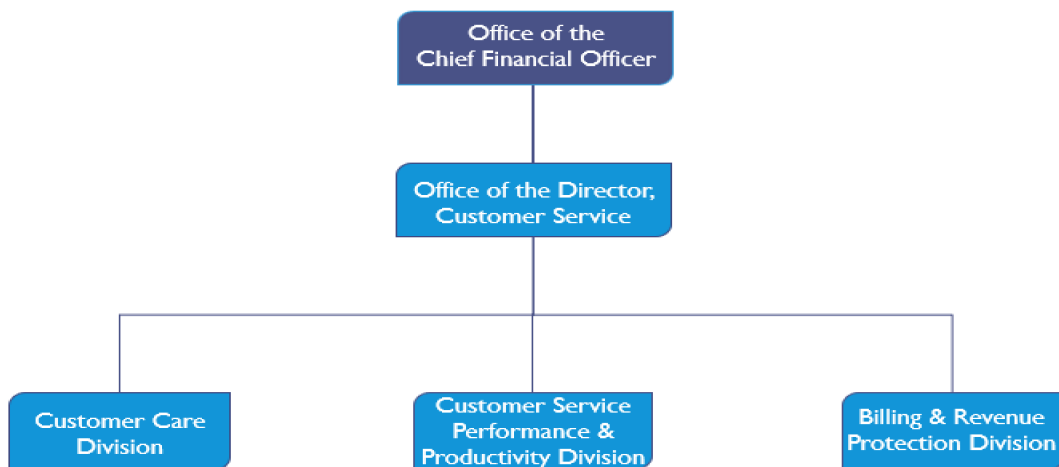
Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 Target
Maintain Fitch Ratings, Moody's Investor Service, and/or S&P Global Ratings bond ratings of AAA/Aaa/AAA	Bond ratings: (Fitch Ratings / Moody's Investor Service / S&P Global Ratings)	AAA/Aaa/AAA AAA/Aaa/AAA	AAA/Aaa/AAA AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA

CUSTOMER SERVICE DEPARTMENT

The Customer Service Department is responsible for providing residential and commercial customers with timely, accurate, and responsive account services and customer financial assistance solutions to help pay their water and sewer bills. The department helps customers understand the rates for water and sewer services, initiates start and stop services, and educates customers about topics ranging from water consumption to finding household plumbing leaks. Key priorities for the Customer Service Department include improving the overall customer experience and streamlining operations to improve customer satisfaction. The Department is led by the Director of Customer Service, reporting to the Chief Financial Officer, and 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.

CUSTOMER SERVICE DEPARTMENT (Continued)

Budget Summary

Customer Service Department	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, Customer Service Department	4.0	\$ 746,565	4.0	\$ 769,670	4.0	\$ 5,851,475	-	\$ 5,081,805
Customer Care Division	76.2	6,582,370	84.0	7,587,726	83.0	7,686,574	(1.0)	98,848
Customer Service Performance & Productivity Division	17.9	1,940,625	22.0	2,692,664	22.0	2,843,350	-	150,686
Billing & Revenue Protection Division	52.9	10,334,754	47.0	10,295,351	48.0	5,020,872	1.0	(5,274,479)
Total	151.0	\$ 19,604,314	157.0	\$ 21,345,411	157.0	\$ 21,402,271	-	\$ 56,860

Explanation of Major Variances

The FY 2027 Proposed budget is approximately the same as the FY 2026 Approved Budget.

Interdepartmental workyear transfers were made to address operational needs.

Budget Highlights

- Continue funding enhancements to financial assistance programs, including high bill adjustments, the Customer Assistance Program, and the CAP Leak Repair Program, ensuring customers receive the support they need
- Maintain funding for flexible payment plan support with self-service options, helping customers manage their balances and maintain service with ease
- Allocate \$750,000 to the Water Fund to help customers in financial need pay their water and sewer bills, providing crucial support during difficult times
- Maintain staffing levels consistent with FY 2026, with a focus on funding initiatives and maximizing the impact of existing personnel

Accomplishments

- Answered 93.6% of calls in FY 2025, ensuring prompt customer assistance
- Established call center support for What's Your Pipe Type, helping customers with questions about the U.S. Environmental Protection Agency's (EPA) enhanced Lead and Copper Rule, an important national public health initiative
- Assisted customers in managing delinquencies, maintaining more than 25,000 active payment plans
- Implemented co-browsing to remotely assist customers with WSSC Water websites
- Developed an online refund request system to provide quicker customer service
- Launched Get Current, a temporary amnesty program (March–June 2025) that provided up to 50% bill credits to help customers pay delinquent balances and achieve financial stability
- Enhanced Get Current (July 2025–January 2026) to expand assistance, offering matching credits and improved high-bill adjustments, eliminating 100% of excess usage

CUSTOMER SERVICE DEPARTMENT (Continued)

Community Impact

- WSSC Water recognizes the needs of our community and works to waive late fees and avoid water service turnoffs. We provide robust customer engagement to connect customers with 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.

OFFICE OF THE DIRECTOR, CUSTOMER SERVICE DEPARTMENT

The Office of the Director, Customer Service is responsible for creating and maintaining billing accounts, facilitating timely and accurate billing, addressing customers' requests and ensuring the training of staff to deliver quality service.

Core Activities

Management and Administration – This activity involves the management and supervision of the Customer Care, Customer Service Performance & Productivity and Billing & Revenue Protection Divisions.

CUSTOMER CARE DIVISION

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

Core Activities

Customer Correspondence – This activity addresses written correspondence received from WSSC Water customers. Inquiries and communications received via letter, fax or electronic mail are entered into the C2M 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 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 field investigations and restoration of service; and educating customers on such topics as sources of water loss, water conservation and customer assistance programs.

Objective: Provide a quick response to customers' problems or system emergencies

Strategic Priority: Optimizing Operations

Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 Target
Provide timely response to customer queries	Percentage of calls answered (non-emergency calls)	90.7% / 90.0%	90.0 / 95.0%	95.0%	95.0%
Reliable, consistent and timely billing	Accounts billed on-time	99.9% / 99.9%	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. This division also manages workforce scheduling, forecasting and resource allocation.

Core Activities

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

Program Operations & Business Intelligence – This activity includes developing and managing strategies via continuous process improvement and technological innovation.

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

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 to support timely and effective meter reading.

Core Activities

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

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

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

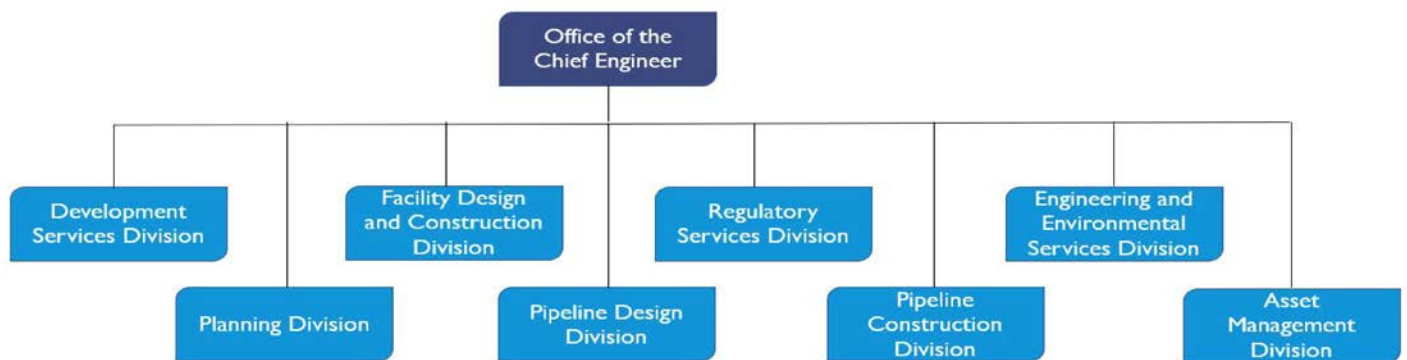
Monthly Bill Customer Account Inquiry – This activity determines appropriate actions to ensure that customers are billed accurately, particularly large usage customers. The activity also ensures that malfunctioning meters which under-register water consumption are properly identified, investigated and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

ENGINEERING & CONSTRUCTION DEPARTMENT

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



Organizational Structure



Mission Statement

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

ENGINEERING & CONSTRUCTION DEPARTMENT (Continued)

Budget Summary

Engineering & Construction Department	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Chief Engineer	0.7	\$ 233,490	3.0	\$ 670,378	3.0	\$ 682,242	-	\$ 11,864
Development Services Division	46.1	6,400,368	48.0	7,139,565	48.0	7,492,117	-	352,552
Planning Division	10.7	55,163,145	13.0	143,608,586	13.0	183,531,200	-	39,922,614
Facility Design & Construction Division	32.1	116,308,403	32.0	176,069,131	32.0	193,037,850	-	16,968,719
Pipeline Design Division	44.8	18,035,926	50.0	52,151,806	50.0	30,577,198	-	(21,574,608)
Regulatory Services Division	76.7	9,291,664	81.0	10,284,886	81.0	10,880,732	-	595,846
Pipeline Construction Division	80.5	241,719,702	86.0	236,643,120	86.0	255,036,104	-	18,392,984
Engineering & Environmental Services Division	46.9	8,449,978	54.0	12,809,454	54.0	13,525,677	-	716,223
Asset Management Division	5.0	2,013,418	14.0	5,322,594	14.0	5,379,293	-	56,699
Total	343.5	\$ 457,616,094	381.0	\$ 644,699,520	381.0	\$ 700,142,413	-	\$ 55,442,893

Explanation of Major Variances

The FY 2027 Proposed Budget for the E&C Department reflects an overall increase of \$55.4 million or 8.6% from the FY 2026 Approved Budget. The operating budget for the department increased by \$2.8 million or 4.6% due to Water Reconstruction Program from paving. This is partially offset by a decrease in the Sewer Reconstruction Program grouting. The department's capital budget increased by \$52.6 million or 9.0%. This is primarily due to an increase in Blue Plains and Contract Work offset in part by a decrease in the Lead Reduction Program.

Budget Highlights

- Master and Facility Planning - E&C will complete the final water and wastewater master plans in December 2026 and develop draft Facility Plans by the end of FY 2027
- Facility Design & Construction (FD&DC) - In the summer and fall of 2026, FD&CD will complete the final two projects required under the Potomac Consent Decree. The Sedimentation Basin and Filter Backwash Upgrades project—which includes a new Equalization Basin and a new Effluent Pumping Station—is scheduled for completion in September 2026. The Gravity Thickener Expansion Project, comprising three new gravity thickeners, a Flow Control Splitter Box Facility, and a new Polymer Control Building, will be completed in June 2026. Together, these projects will substantially enhance the plant's capacity to produce high-quality drinking water while reducing solids discharged to the Potomac River, further strengthening WSSC Water's reputation for environmental stewardship.
- Cross Connection Program - Full implementation of the residential cross connection program in FY 2027
- Water Quality Analysis - The number of water-quality analyses performed annually by WSSC Water is projected to exceed 750,000 by 2045. The expanded laboratory ensures the utility can meet this growing demand while maintaining its exceptional 107-year record without a single drinking water quality violation

Accomplishments

- Lead Reduction Program - The number of service lines with unknown material has been reduced from 15,500 in 2024 to 8,500. Outreach efforts have reached more than 5,400 homeowners, resulting in over 870 in-home verifications. Following the successful completion of public-side verification, the program will begin private side verification and replacement, with solicitations pending and contract execution anticipated soon

ENGINEERING & CONSTRUCTION DEPARTMENT (Continued)

Accomplishments (Continued)

- Laboratory - FD&CD completed construction of the expanded, technologically advanced laboratory in Silver Spring, Maryland—a \$38 million investment that significantly enhances the utility's capacity to monitor and protect water quality for 1.9 million residents in Montgomery and Prince George's counties. The project nearly doubled the facility's size, adding 19,720 square feet of workspace and incorporating advanced capabilities, including a dedicated PFAS laboratory for on-site analysis that reduces turnaround times from weeks to hours; a new taste-and-odor testing system; an algal toxin analyzer for detecting harmful algal byproducts; and enhanced emergency response capacity for rapid testing following chemical spills or other watershed threats
- WSSC Water's Industrial Discharge Control Program - In FY 2025 (January 2025), WSSC Water's Industrial Discharge Control Program became the first pretreatment program in Maryland to obtain the Cross-Media Electronic Reporting Rule (CROMERR) approval by the EPA. This certification from the U.S. Environmental Protection Agency confirms that the utility's electronic document-receiving system meets stringent federal standards for security, integrity, and enforceability, allowing electronic reporting to fully replace paper submissions for the Industrial Discharge Program.
- Cross-training Program - In FY 2025, the Regulatory Services Division established a cross-training program enabling staff to gain experience across the division's various sections. In FY 2026, the program was expanded to include other divisions and departments. Employees from Customer Service, Utility Services, Pipeline Construction, and Development Services have already participated or are scheduled to participate in the cross-training this fiscal year.
- Community Impact - In FY 2025, the Regulatory Services Department appointed its first-ever female Master Plumber and Gas Fitter to the Cross-Connection Program Section.

Community Impact

- The E&C Department implements projects and strives to minimize contract spending disparities in support of the Office of Supplier Diversity and Inclusion. We are working with stakeholders/partners to focus our efforts on achieving environmental justice with our capital program delivery. We have integrated equity and environmental justice considerations into the prioritization of our CIP projects to best align CIP investments with disadvantaged communities to achieve equity and justice.

OFFICE OF THE CHIEF ENGINEER

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

Mission Statement

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.

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.

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, Wastewater Pumping Station 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 primary mission of the Planning Division includes four categories. First, we ensure adequate capacity for the water treatment, transmission, distribution, and storage systems as well as wastewater treatment, collection, and conveyance systems for both existing and future customers. Secondly, we aim to develop new, and manage existing regional cooperative agreements with adjoining jurisdictions and other agencies with whom we share resources and to provide technical resources that advise the Commission concerning any proposed state and federal policy initiatives, laws, and regulations that may impact activities of the agency. Thirdly, we manage and oversee the execution of the Lead Service Replacement Program work effort. And lastly, we oversee the development, and continuous updates to the system-wide 20-Year Water and Sewer Plans as well as the five elemental 10-Year Facility Plans. The Planning Division responsibilities are three-fold. First, it is responsible to ensure adequate capacity of the water treatment, transmission, distribution, and storage systems, as well as the wastewater treatment, collection and conveyance systems for both existing and future customers. Secondly, it is 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. Lastly, we manage and oversee the Lead Service Replacement Program work effort.

Core Activities

Project Needs 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 Pre-stressed Concrete Cylinder Pipe (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. This also includes all work required to comply with the Lead and Copper Rule

PLANNING DIVISION (Continued)

Core Activities (Continued)

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

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

Implementation of the Lead Reduction Program – This activity provides for the implementation and execution of risk mitigation actions against lead in drinking water, with particular emphasis on the removal of all lead service lines (both public and private) as required by federal and state regulations

Master Plans and Facility Plans – This activity represents all work associated with the development of the 20-year System-Wide Master Plans and 10-Year Facility Plans



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; reviewing water and sewer relocations and other utility work to ensure compliance with WSSC Water guidelines.

Core Activities

Water and Sewer Pipeline Design – This activity includes project planning, engineering design, and managing contract design documents for CIP water and sewer main projects and the water and sewer reconstruction programs. This includes project scope preparation and preliminary design, overseeing consultants and managing the technical design review and permitting efforts; performing technical design, industry analysis and benchmarking studies; coordinating community outreach efforts and participating in associated procurement solicitation services; and facilitating the acquisition of rights-of-way and other associated 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.

Replacement Planning – This activity is responsible for the preliminary design and packaging of a wide range of programs including transmission and distribution water mains, large meters, large valve vaults, force main, and more. It acts as the communications headquarters for these programs and projects in their early stages to establishes the necessary plan to be utilized by all necessary stakeholders within WSSC Water. The work focuses around the Commission's priorities of Service Delivery and Operational Reliability & Resilience.

Objectives, Milestones and Measures

Objective: Rehabilitate and/or replace deteriorating water and wastewater infrastructure Strategic Priority: Asset Management & Infrastructure Reliability

Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 Target
Design the number of miles for the Water Reconstruction Program as planned	Miles of water mains designed	28.8 / 27.0	20.8 / 22.0	24.0	22.3
Design the number of miles for the Sewer Reconstruction Program as planned	Miles of sewer mains designed	41.3 / 35.0	42.3 / 35.0	35.0	37.0

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 distribution and wastewater collection pipeline construction contracts, inspection of developer-built water and sewer pipelines as well as associated contracts for house connections, paving and landscaping.



PIPELINE CONSTRUCTION DIVISION (Continued)

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.

Objectives, Milestones and Measures

Objective: Rehabilitate and/or replace deteriorating water and wastewater infrastructure Strategic Priority: Asset Management & Infrastructure Reliability

Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 Target
Replace the number of miles for the Water Reconstruction Program as planned	Miles of water mains replaced	27.8 / 33.0	41.0 / 30.0	33.0	37.0
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	37.8 / 35.0	21.8 / 26.0	35.0	51.6

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); 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.

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.

ENGINEERING & ENVIRONMENTAL SERVICES DIVISION (Continued)

Core Activities (Continued)

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.

Environmental Assessment, Permitting and Enforcement – This activity manages environmental assessments, including wetlands evaluations, forest conservation efforts, archaeological historical studies and water quality evaluations. The division administers WSSC Water's Utility Erosion and Sediment Control Program and the Public Tree Care Program. The division also reviews and approves design plans, issues permits, conducts field inspections and enforces WSSC Water regulations for utility construction erosion and sediment control.

Electronic As-Built Prep – This activity prepares pipeline rehabilitation as-built contracts using AutoCad, including integrating the Global Positioning System (GPS) units to transmit digital appurtenance locations to AutoCad. The AutoCad results are then transmitted to EGIS.



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

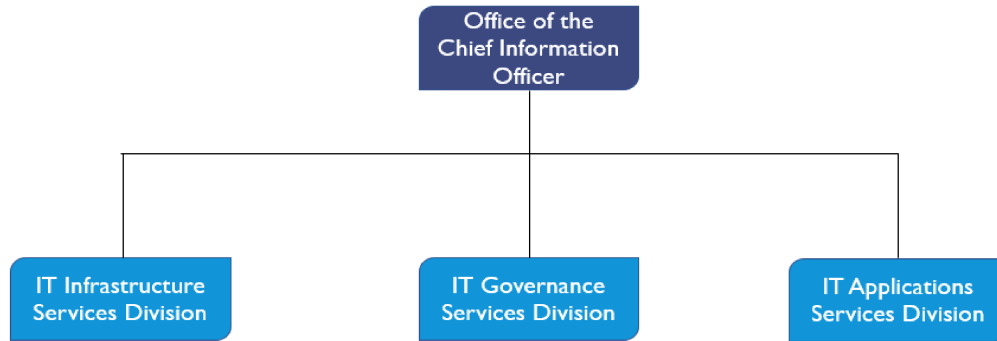
Asset Management Program – This activity involves the development and implementation of the WSSC Water Asset Management Program. The program includes the development of asset management plans, processes and procedures for all WSSC Water facility assets, water transmission and distribution assets, wastewater 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 in support of the WSSC Water's Strategic Plan. The IT Department will provide leadership, expertise and resources in the ideation, development and deployment of innovative solutions and streamlined processes to improve efficiency, resiliency, customer service and employee engagement in a fair and equitable manner.

Budget Summary

Information Technology Department	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Chief Information Officer	10.0	\$ 5,171,563	14.0	\$ 6,613,815	15.0	\$ 6,813,834	1.0	\$ 200,019
IT Infrastructure Services Division	30.9	28,751,033	37.0	27,521,815	37.0	25,046,885	-	(2,474,930)
IT Governance Services Division	14.8	5,646,263	23.0	6,811,254	22.0	6,200,861	(1.0)	(610,393)
IT Applications Services Division	38.7	23,461,706	45.0	31,260,446	45.0	30,229,168	-	(1,031,278)
Total	94.4	\$ 63,030,565	119.0	\$ 72,207,330	119.0	\$ 68,290,748	-	\$ (3,916,582)

Explanation of Major Variances

The FY 2027 Proposed Budget reflects a decrease of \$3.9 million or 5.4% under the FY 2026 Approved Budget. The decrease is due mainly to the impact of WSSC Water targeted cut of 5% below FY 2026 Approved Budget across the Commission.

Budget Highlights

- Oracle ERP/EBS Upgrade – This initiative will modernize WSSC Water's core enterprise systems, improve system stability, security, and performance while positioning the organization to better support evolving operational and financial operations
- Migrating the Contact Center to the Cloud – This initiative focuses on deploying a modernized cloud-based contact center solution to enhance customer engagement and service delivery

INFORMATION TECHNOLOGY DEPARTMENT (Continued)

Highlights (Continued)

- Trimble Unity Maintain (Cityworks)I – Provides an integrated asset and work management platform that strengthens WSSC Water's ability to operate, maintain, and plan for its water and wastewater infrastructure. This initiative will identify and establish all necessary integration points to support seamless capabilities across systems and improve workflow efficiency
- Advanced Metering Infrastructure (AMI) Implementation – This initiative will improve customer service by enabling timely and accurate billing, giving customers better insight into their water usage, helping reduce billing disputes and improve trust

Accomplishments

- Launched the Data Governance & Analytics Center of Excellence – this initiative helps the Commission improve data quality, accountability, and collaboration—reducing rework, enabling faster insights, and fostering a culture of data-driven decision making
- Claims Manager Cloud Migration – modernizes how WSSC Water manages property damage, liability, and other claims, improving efficiency, transparency, security, and risk management
- Launched Get Current 2.0 Enhanced, to help eligible customers with delinquent balances
- Water Main Break Predictive Model – helps WSSC Water shift from a reactive repair approach to a strategic, risk-based asset management strategy, improving reliability, controlling costs, and strengthening long-term infrastructure sustainability
- GIS Upgrade and Migration to the Cloud – empowering WSSC Water with a more resilient, integrated, and accessible spatial platform, improving daily operations, emergency response, capital planning, and long-term infrastructure sustainability
- Completed the migration of on-premise personal file shares across the enterprise to the cloud to improve accessibility, enhance security, and support scalability for future growth
- Multi-factor authentication (MFA) enrollment implemented across the Commission, further strengthening the security posture of the organization

Community Impact

- 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 the 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 cyber security and risk management functions, IT enterprise strategy and architecture and for managing the IT budget and the procurement of IT products and services.

Core Activities

IT Strategy and Architecture – This activity is responsible for ensuring alignment with the WSSC Water's overall strategic plan, understanding its objectives and milestones, and developing appropriate plans to ensure success in achieving the strategy's goals while building a roadmap that defines the organization's migration to the envisioned future state architecture.

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

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

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.

Core Activities

IT Customer Support Operations – This activity supports WSSC Water's information technology users through the IT Solution Center, which 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.

Platform Technologies – This activity includes assessing, implementing and maintaining WSSC Water's server, storage, cloud services 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, Microsoft Teams Rooms 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.

IT INFRASTRUCTURE SERVICES DIVISION (Continued)

Objectives, Milestones and Measures

Objective: Provide reliable computing services to all users to deliver information and data in the timeframe required to support decision.

Strategic Priority: Digital Transformation

Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 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 Application 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.

IT APPLICATIONS SERVICES DIVISION (Continued)

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, Mobile Workforce Management, and Service Oriented Architecture.

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.

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 agency's document management system, providing system-level design, security, capture, and user access to documents.

Objectives, Milestones and Measures

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

Strategic Priority: Digital Transformation

Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 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% / 99.0%	99.0%	97.0%
Ensure the availability of database to support the agency	Percentage of time that the databases are available	99.9% / 97.0%	99.9% / 99.0%	99.0%	97.0%

EXTERNAL AFFAIRS

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

Budget Summary

External Affairs	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
External Affairs Branch Office	-	\$ -	2.0	\$ 445,458	2.0	\$ 471,083	-	\$ 25,625
Communications Office	19.3	4,788,933	14.0	2,684,671	13.0	2,558,125	(1.0)	(126,546)
Office of Supplier Diversity & Inclusion	9.9	1,373,959	10.0	1,596,112	10.0	1,673,026	-	76,914
Procurement Office	30.8	4,299,526	37.0	5,266,649	37.0	5,562,889	-	296,240
Intergovernmental Relations Office	4.0	1,004,453	5.0	1,285,949	5.0	1,276,009	-	(9,940)
Strategic Partnerships and Community Impact Office	-	-	10.0	3,581,914	11.0	6,332,253	1.0	2,750,339
Total	64.0	\$ 11,466,871	78.0	\$ 14,860,753	78.0	\$ 17,873,385	-	\$ 3,012,632

Overall, the External Affairs Branch budget for FY 2027 increased by \$3.0 million or 20.2% from the FY 2026 Approved Budget. This is due to the 20% increase to the CAP program as part of the Strategic Plan within the Strategic Partnership and Community Impact Office (SPCI). In addition, the administration of WSSC's corporate sponsorships program was transferred from the Finance Department to the SPCI office within the External Affairs Branch.

EXTERNAL AFFAIRS BRANCH OFFICE

The External Affairs Branch Office serves as a vital connector between the organization and its stakeholders, ensuring transparency, inclusivity, and impactful engagement. It oversees critical functions - the offices of Communications, Intergovernmental Relations, Strategic Partnerships and Community Impact, Procurement and Supplier Diversity and Inclusion - working together to foster trust, collaboration, efficiency, and innovation.

Mission Statement

To ensure all communities and partnerships thrive, WSSC Water will enhance customer experience and foster stronger connections through customer and vendor education, affordability, reliability, service improvement, and trust.

Core Activities

Comprehensive and Inclusive Outreach – This activity ensures accessibility and engagement with all communities.

Technology-Driven Customer Service – This activity leverages innovative tools to enhance customer experiences.

Clear, Targeted Communications – This activity delivers straightforward effective messaging to meet diverse needs, internally and externally.

Active Stakeholder Collaboration – This activity builds strong partnerships through stakeholder engagement and cooperation.

Foster a Culture of Continuous Improvement and Accountability – This activity ensures all functional areas operate efficiently and effectively.

COMMUNICATIONS OFFICE

The Communications Office is responsible for the timely, accurate release of all commission information.

Mission Statement

To provide timely and accurate information that is designed to assist, educate and inform internal and external customers and enhance WSSC Water's image.

Core Activities

The Communication Office – Is responsible for the timely, accurate release of all commission information.

The External Communications/Livestream Ops – Staff are the official spokespeople for WSSC Water and manage all media relations, social media accounts, and crisis communications. They handle press inquiries, promote WSSC Water's people and services, write informational materials and plan news conferences and media events. A crucial part of this office is the management of all Livestream operations from Commission meetings and other important Commission-wide meetings. The office tailors communication programs for WSSC Water initiatives and campaigns. Additionally, they help many employees learn to be better WSSC Water ambassadors by teaching media and crisis communications seminars.

The Internal Communications staff – Assists with internal communications by distributing WSSC Water's online employee newsletter, Commission-wide communications as well as an array of publications, including WSSC Water's annual annual/water quality report, and Pipeline quarterly newsletter. They manage the digital signage (SPLASH) at all of the facilities.

The Web Content and Design staff – Manages content for the internet and intranet, trains employees on accessibility guidance for documents and presentations, captures photography of events, meetings, and portraiture, and creates customer-centric graphics for use on our websites, events, visual signage, and publications. Additionally we create forms for use on the website and manage email subscriptions through Constant Contact.

OFFICE OF SUPPLIER DIVERSITY & INCLUSION

The OSDI leads vendor engagement efforts and manages programs that increase supplier participation in contracting opportunities at WSSC Water. The office works to expand our supplier base, support strategic spend growth, and strengthen alignment between procurement needs and available vendor capabilities. Through outreach and coordination with internal departments, OSDI helps create a more competitive and responsive contracting environment.

Mission Statement

To lead vendor engagement and expand contracting opportunities that grow small, local, and qualified businesses—delivering value to WSSC Water and the communities we serve.

Core Activities

Small Business Program – Administering WSSC Water's small and local business programs in accordance with state law

Vendor Engagement – Leading vendor engagement efforts to expand awareness of contracting opportunities

Outreach – Supporting supplier development through outreach, education, and technical assistance

Efficiency Tracking – Monitoring participation and spend data to track program effectiveness

Collaboration – Collaborating with internal departments to align contracting strategies with available supplier capabilities

Market Assessments – Conducting periodic market assessments to identify gaps and improve supplier access

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 world-class procurement services to our customers in an ethical, transparent and cost-effective manner while adhering to our rallying cry; Source, Spend, Save!

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.



INTERGOVERNMENTAL RELATIONS OFFICE

The Intergovernmental Relations Office oversees WSSC Water's legislative agenda and represents the agency before elected bodies and pursues external funding to support the Commission's priorities and initiatives. The office is responsible for researching, developing, analyzing and advocating 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 identify external funding opportunities in order to fulfil our Smart One Water Mission and analyze the impact of state and federal legislation on WSSC Water. 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 to ensure that all communities thrive by ethically delivering safe, reliable and sustainable water and wastewater services.

Core Activities

Intergovernmental Relations – This activity focuses on identifying external funding opportunities, 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.



STRATEGIC PARTNERSHIPS AND COMMUNITY IMPACT OFFICE

The Office of Strategic Partnerships & Community Impact serves as a bridge between the utility and the communities it serves. Focused on fostering meaningful engagement, this office leads efforts to strengthen local economies, expand workforce opportunities, and build collaborative partnerships that extend the utility's role as an anchor institution. The office aligns community needs with strategic initiatives.

Mission Statement

To strengthen the utility's role as a trusted service provider and anchor institution by fostering community partnerships, while advancing workforce opportunity and driving economic growth across the Prince George's and Montgomery counties.

Core Activities

Community Partnerships – This activity strengthens cross-sector collaborations that support community and regional priorities through coordinated engagement and shared initiatives.

Workforce Development – This activity leads efforts to create water sector career pathways through training programs and industry partnerships.

Economic Inclusion – This activity promotes local hiring, small business participation, and supplier diversity to support regional economic growth.

Public Engagement – This activity raises awareness of utility services and expands access to customer financial assistance through outreach and communication.

Impact Reporting – This activity tracks and communicates the utility's community impact through data analysis and strategic reporting.



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 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Operations Branch Office	-	\$ -	1.0	\$ 335,587	1.0	\$ 353,205	-	\$ 17,618
Production Department	304.5	182,054,868	351.0	205,287,985	351.0	219,521,694	-	14,233,709
Utility Services Department	474.1	136,519,041	564.0	130,421,560	564.0	143,681,193	-	13,259,633
Department of Operational Reliability & Resilience	8.2	2,531,905	17.0	5,947,595	17.0	5,865,059	-	(82,536)
Total	786.8	\$ 321,105,814	933.0	\$ 341,992,727	933.0	\$ 369,421,151	-	\$ 27,428,424

The Operations Branch reflects an overall increase of 8.0% compared to the FY 2026 Approved Budget. This growth is primarily driven by higher costs within Production, largely due to increased Regional Sewage Disposal expenses. Additionally, Utility Services reflects increases associated with salary enhancements, budget realignments, and the ramping up of the Metering Infrastructure Upgrade Program. Further detail on these changes is provided within each department's section

OPERATIONS BRANCH OFFICE

Operations Branch Office ensures the seamless coordination of our teams to deliver clean, safe drinking water to stakeholders. This office oversees critical services, including plant operations, maintenance and repair of water and sewer pipelines, ensuring the reliability of our water and sewer systems. Additionally, this office provides dependable service delivery by optimizing efficient, resilient, and sustainable watershed processes and systems.

Mission Statement

To establish a continuous improvement framework that identifies, reviews, and verifies the effectiveness of core procedures, ensuring operational efficiency. We are committed to adopting smart technologies that enhance system monitoring, improve data quality and accessibility, and support data-driven decision-making. Additionally, we will implement a Smart One Water system approach for asset management, optimizing operations and ensuring long-term sustainability.

Core Activities

Continuous Improvement Framework – This activity identifies, reviews and optimizes core procedures to drive operational efficiency.

Smart Technology Adoption – This activity enhances system monitoring, data quality and accessibility to support data-driven decision-making.

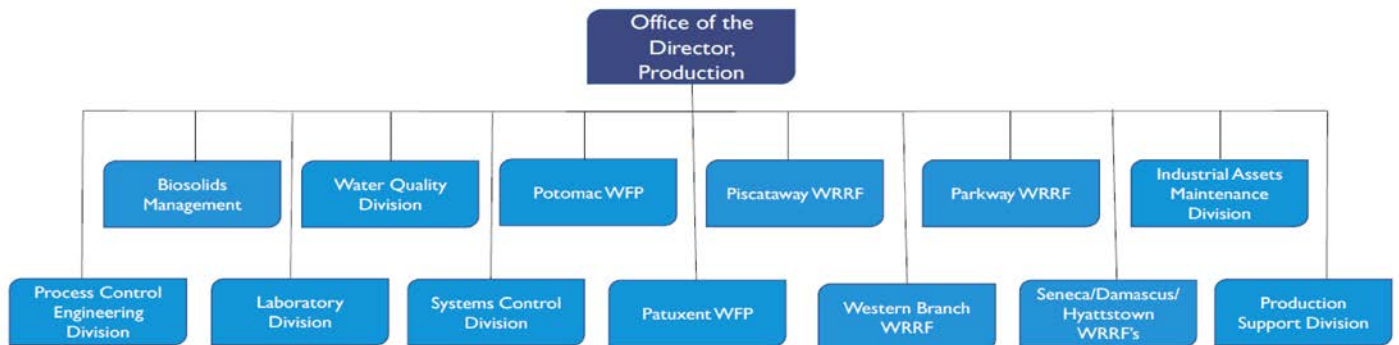
One Water System Approach – This activity implements an integrated asset management strategy to optimize operations and ensure sustainability.

Commitment to Operational Optimization – This activity utilizes advanced technologies and strategies to improve long-term service reliability and efficiency.

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.

Organizational Structure



Mission Statement

To provide a safe and reliable supply of drinking water to WSSC Water customers, maintaining an adequate volume and pressure of water for fire-fighting and customer use, that meets or exceeds the requirements of the Safe Drinking Water Act and other federal and state regulations.

Budget Summary

Production Department	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, Production	4.6	\$ 805,781	4.0	\$ 981,617	4.0	\$ 1,084,294	-	\$ 102,677
Biosolids Management Division	21.2	16,622,287	26.0	23,885,326	26.0	25,758,562	-	1,873,236
Laboratory Division	30.8	6,411,545	37.0	8,429,420	37.0	8,428,594	-	(826)
Water Quality Division	11.4	1,953,447	18.0	3,247,223	18.0	3,302,650	-	55,427
Systems Control Division	29.6	6,907,309	32.0	9,672,573	32.0	9,866,280	-	193,707
Potomac Division	32.5	17,770,052	36.0	15,482,406	35.0	15,866,144	(1.0)	383,738
Patuxent Division	23.3	6,522,941	26.0	7,240,384	26.0	7,336,335	-	95,951
Piscataway Division	21.4	6,414,420	23.0	7,543,279	23.0	7,653,233	-	109,954
Western Branch Division	27.7	7,987,037	29.0	9,130,977	29.0	9,147,848	-	16,871
Parkway Division	21.4	4,024,674	22.0	4,175,622	23.0	4,351,547	1.0	175,925
Seneca/Damascus/Hyattstown Division	31.0	6,189,781	32.0	6,916,436	33.0	7,208,927	1.0	292,491
Industrial Assets Maintenance Division	30.6	9,046,180	38.0	11,593,035	37.0	11,640,328	(1.0)	47,293
Production Support Division	8.1	88,447,321	12.0	92,852,383	12.0	103,950,690	-	11,098,307
Process Control Engineering Division	10.9	2,952,093	16.0	4,137,304	16.0	3,926,262	-	(211,042)
Total	304.5	\$ 182,054,868	351.0	\$ 205,287,985	351.0	\$ 219,521,694	-	\$ 14,233,709

PRODUCTION DEPARTMENT (Continued)

Explanation of Major Variances

The FY 2027 Proposed Budget reflects an increase of approximately 6.9% over the FY 2026 Approved Budget. The primary drivers are increased DC Water Blue Plains operations and maintenance and Little Seneca forbay sediment removal project costs.

Budget Highlights

- Performing the core business of WSSC Water by providing a safe and reliable supply of drinking water to WSSC Water customers that meets or exceeds the requirements of the Safe Drinking Water Act and other federal and state regulations
- Producing a quality effluent from the wastewater treatment plants which meets the discharge standards to protect public health and the environment
- Supporting the Biosolids Master Plan: The Biosolids Master Plan is a strategic framework that outlines the long-term management, treatment and disposal of biosolids generated from wastewater treatment facilities. It aims to ensure regulatory compliance, optimize resource recovery, enhance sustainability, and improve cost efficiency in biosolids handling. The plan typically includes technology assessments, operational improvements and future infrastructure investments to support environmentally responsible biosolids management
- 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 the elevated tanks
- Designing of the dredging project at the Little Seneca Reservoir to remove sediment collected in the forebays

Accomplishments

- 108 year history of Safe Drinking Water compliance
- The WRRFs continue to meet the National Pollutant Discharge Elimination System (NPDES) permit requirements, leading to various National Association of Clean Water Agencies (NACWA) performance awards for excellence
- The WFPs earned the American Water Works Association (AWWA)'s Partnership for Safe Water Director's award for the 15th consecutive year
- Leadership in Energy & Environmental Design Gold Award for the lab expansion project

Community Impact

Providing safe and reliable drinking water to the surrounding community is vital to the public health of the communities we serve to prevent waterborne diseases and exposure to contaminants. Clean water ensures safe drinking water and improved quality of life that supports recreational activities like fishing and swimming, and contributes to the overall aesthetic appeal of the community.

OFFICE OF THE DIRECTOR, PRODUCTION

The Production Department is moving toward best practices, computerized process control and centralized Supervisory Control and Data Acquisition (SCADA). The use of this technology as a strategy allows automation and remote monitoring for unstaffed operations and maintenance scheduling while maintaining a vigilant watch on these complicated systems. The Production Director is responsible for the oversight and operation of the Production Department.

OFFICE OF THE DIRECTOR, PRODUCTION (Continued)

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 Engagement Office for its community outreach events. During drought years and during the current Brighton Dam rehabilitation project, this unit has removed silt from the upper reservoir reaches to regain reservoir storage.

Maintenance Support Services – This activity is associated with monitoring, controlling, and enhancing process systems associated with treatment, distribution, and collection for water and wastewater systems. This activity also monitors real time energy costs to minimize WSSC Water's electrical costs. In addition, this activity supports project planning, project design, and project construction of new facilities within the WSSD. When necessary, 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, this activity also involves working with the Facilities Design and Construction Division on 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.

Activity Indicators

Workload Data	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Average daily filtered water to the distribution system (MGD)	160.8	167.9	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.

Activity Indicators

Workload Data	Wastewater Treated Flow (MGD)			
	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Piscataway WRRF	22.9	19.5	27.5	27.6
Western Branch WRRF	23.1	22.4	23.3	23.6
Parkway WRRF	6.5	6.4	6.2	6.2
Seneca/Damascus/Hyattstown WRRFs	16.0	15.9	16.9	17.1

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 Computerized Maintenance Management System (CMMS) administration; and execution of asset management practices, procedures and projects for the Production Department.

Core Activities

Production Support – This activity includes Production facility support through CMMS administration and execution of asset management practices, procedures and initiatives. It also includes management of projects to support the continuity of operations within Production facilities.

PROCESS CONTROL DIVISION

The Process Control 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 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.

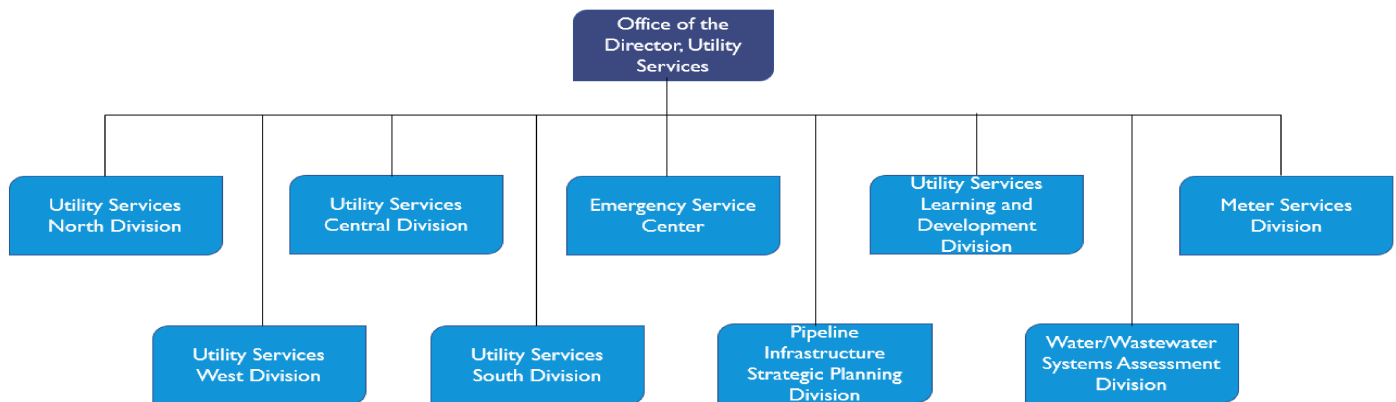
New Facility Support – This activity participates in design reviews to integrate, install and program new process control equipment for newly constructed facilities, including managing contractual agreements with vendors.

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

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 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, Utility Services	9.2	\$ 12,109,606	11.0	\$ 15,018,588	11.0	\$ 16,235,282	-	\$ 1,216,694
Utility Services North Division	55.6	12,200,262	62.0	9,936,809	62.0	10,252,384	-	315,575
Utility Services West Division	54.1	12,432,959	62.0	9,180,580	62.0	11,101,119	-	1,920,539
Utility Services Central Division	56.4	11,439,022	63.0	9,934,990	63.0	12,187,707	-	2,252,717
Utility Services South Division	52.0	10,137,743	64.0	9,749,170	64.0	10,163,728	-	414,558
Emergency Service Center	21.8	2,074,325	24.0	2,183,829	24.0	2,421,278	-	237,449
Pipeline Infrastructure Strategic Planning Division	27.0	16,814,677	37.0	14,457,263	36.0	13,948,685	(1.0)	(508,578)
Utility Services Learning & Development Division	9.7	1,407,339	13.0	1,857,611	14.0	2,054,866	1.0	197,255
Water/Wastewater Systems Assessment Division	75.4	35,760,137	91.0	38,182,556	91.0	38,745,706	-	563,150
Meter Services Division	112.9	22,142,971	137.0	19,920,164	137.0	26,570,438	-	6,650,274
Total	474.1	\$ 136,519,041	564.0	\$ 130,421,560	564.0	\$ 143,681,193	-	\$ 13,259,633

Explanation of Major Variances

The FY 2027 Proposed Budget for the Utility Services Department reflects an overall increase of 10.2% from the FY 2026 Approved Budget. The increase is primarily due to salary enhancements, revisions to Standby Pay policies, aligning materials expenses with historical experiences, absorbing emergency contract increases and the ramping up of the Metering Infrastructure Upgrade program.

Budget Highlights

- Deploying contractor resources and operational strategies to reduce sanitary sewer overflows (SSOs) and basement backups (BBKs) by 5%
- Supporting PCCP and metallic water main inspections and replacement efforts to meet the annual inspection goals of 18 miles of PCCP and 10 miles of metallic mains
- Supporting Fire Hydrant Inspection and Flow Testing to ensure inspection of 14,724 hydrants annually and proactively identify pressure and flow deficiencies
- Supporting I&I reduction efforts by identifying sources of infiltration and inflow in the collection system

Conduct drone inspections and condition assessments to enhance risk-based asset management practices

- Fully implement and optimize Career Ladder and Flex Worker training programs to meet =95% training coverage and =90% advancement/eligibility targets
- Complete Cityworks implementation and transition to Go-Live in FY 2027 to improve work management, reporting accuracy, and response performance tracking
- Ensure continuity of operations during AMI pilot expansion and full deployment

Accomplishments

- Gained Commissioners' approval to implement an AMI Pilot and started pilot program
- Completed repairs of 2,284 (1,510 during break season) breaks and leaks in FY 2025 and 1,777 (1,352 during break season) breaks and leaks through mid-February FY 2026

UTILITY SERVICES DEPARTMENT (Continued)

Accomplishments (Continued)

- Maintained regulatory compliance with all requirements of the SSO Consent Decree
- Exceeded the Metallic Main inspection goal (completed 10.6 miles)
- Exceeded the PCCP inspection goal (inspected 18.72 miles)
- Completed repairs on the 54" PGHZ 2 break and completed repairs of the 54" PGHZ 1 using specialized external techniques
- Exceeded the small and large valve inspection goals: small (18,015) and large (655)
- Implemented the revised Career Ladder Program and the redesigned Facility Technician–Operations and Facility Technician–Mechanical/Electrical pathways
- Completed 75 miles of NO-DES water main flushing in FY 2025
- Completed 3.5 miles of in-house water main replacement in FY 2025

Community Impact

- The Utility Services Department integrates accountability, community focus and excellence into the Asset Management Program for evaluation of the water/wastewater improvement projects. In addition, the continued use of NO-DES trucks for flushing WSSC Water's distribution system eliminates discharge of water into the environment. Attenuator trucks were added to each depot to support the safety of agency staff and contractors.

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

Contract Administration and Management – This activity oversees all Utility Services Department contracts, ensuring compliance with contractual obligations, managing emergency contracts effectively, and monitoring contractor performance and deliverables.

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.

Objectives, Milestones and Measures

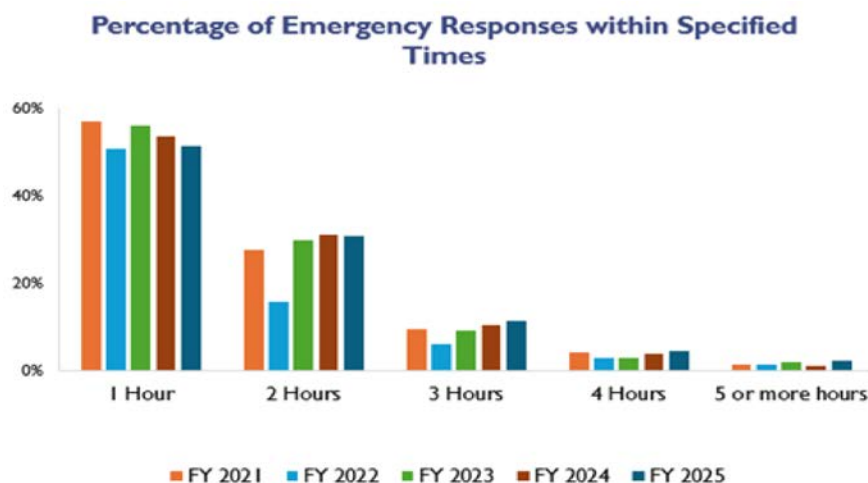
Objective: Accurately account for water produced in the **Strategic Priority:** Asset Management & Infrastructure Reliability distribution system

Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 Target
Reduce service interruptions due to water main breaks	Number of breaks per 100 miles of water main	28 / 34	21 / 34	34	34

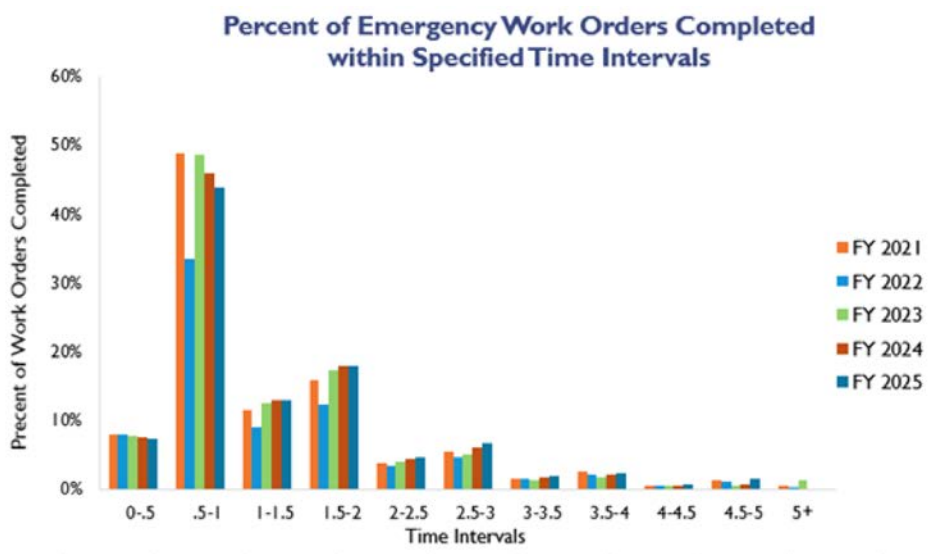
UTILITY SERVICES NORTH, WEST, CENTRAL AND SOUTH DIVISIONS (Continued)

Emergency Response

During FY 2025, 27,893 emergency work orders were initiated in response to customer or system emergencies, a 1.2% increase from FY 2024. 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 51.2% of emergency calls in less than 1 hour and to 82% within 2 hours with an average response time of 1.26 hours.



The following graph shows the distribution of emergency work order completion times in FY 2025. Most emergency work orders required less than 2-hours to complete.

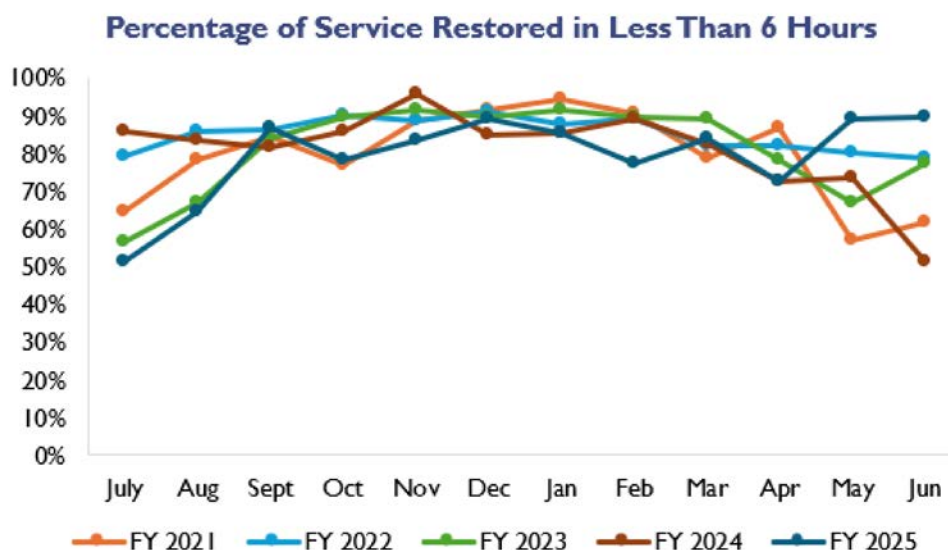


Restoration of Water Service

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 2025, more than 7,430 customers, or approximately 1.55% 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 2025, the average time customers were without water service was 4.5 hours, with 79% having water service restored within the targeted 6-hour goal.

FY 2026 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 2025, the agency was successful in preventing a second backup in 91% 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 2025, 661 house connections met the criteria for sewer renewal.

EMERGENCY SERVICE CENTER

The Emergency Service Center is a 24/7 emergency call center to assist customers with water and sewer related emergencies. The center also dispatches work to field deployed maintenance staff to ensure the work is completed and accurately captured in WSSC Water's maintenance management system. The Emergency Service Center supports several departments within the agency such as Customer Service, Production, Engineering & Construction, the Communications Office and the Strategic Partnership and Community Impact Office.

EMERGENCY SERVICE CENTER (Continued)

Core Activities

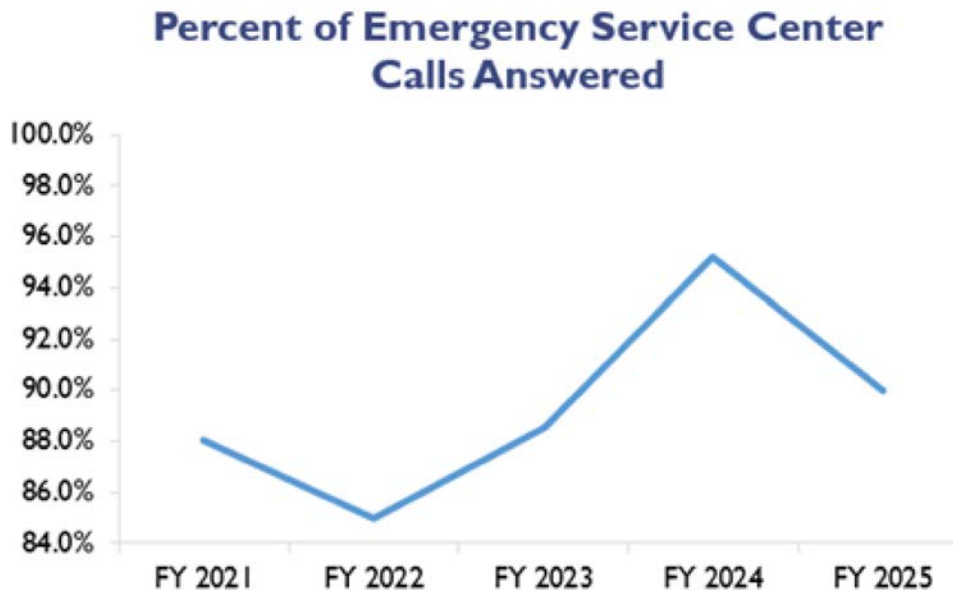
Radio/Phone Dispatching – This activity communicates with field inspectors and WSSC Water crews to investigate reports of emergencies and receive updates on field maintenance activities 24/7; updates maintenance records and arranges for resolution of problems; and operates base radio station equipment, 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 emergency calls from customers within WSSC.

Customer Calls to the Emergency Service Center

During FY 2025, WSSC Water answered 90% of customer calls for emergency maintenance assistance, as shown in the graph below. Prior to the start of FY 2025, a deep dive into the call center statistics allowed a clear understanding of previous challenges to achieve the goal of answering at least 95% of calls. Changes to how calls are monitored ensure staff are available to answer every call, reducing calls rolling over to the next available agent. Additionally, the roles of senior representatives and managers now include live monitoring, reducing the need to retroactively review cause and effect the following day. While all these changes have made a positive impact on the customer experience, the unpredictability of weather and its impact on the Emergency Service Center's (ESC) ability to answer the influx of calls during the winter months affected meeting the 95% goal. FY 2025 staffing challenges included retirements, promotions outside of the ESC, as well as terminations. The goal continues to be a 95% response rate.

A GIS application enables customers to report emergencies using 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.



PIPELINE INFRASTRUCTURE STRATEGIC PLANNING DIVISION

The Pipeline Infrastructure Strategic Planning 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 responsible for the urgent asset program management which involves the evaluation, design, and construction of urgent asset projects and the prioritization of CIP projects/assets. The division also provides the crews for in-house water main replacement which complete over 2 miles of replacement annually.

PIPELINE INFRASTRUCTURE STRATEGIC PLANNING DIVISION (Continued)

Core Activities

Planning – This activity is associated with the utilization of data to plan and schedule maintenance activities and 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.

Asset Management – This activity is responsible for evaluating/tracking assets through their lifecycle, identifying trends and risks, prioritizing assets, recommending maintenance and capital needs, and the development of water and wastewater asset management plans.

Fire Flow Testing – This activity is to ensure we have adequate fire flow throughout WSSC Water's system which includes completing paid testing for customer requests.

Objectives, Milestones and Measures

Objective: Complete planned water main replacement miles

Strategic Priority: Asset Management & Infrastructure Reliability

Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 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	3.5 / 2.0	2.0	2.0

UTILITY SERVICES LEARNING & DEVELOPMENT DIVISION

The Learning and Development Division ensures the Operation Branch's workforce is skilled, knowledgeable, and prepared to meet operational demands. This division designs and delivers comprehensive training programs tailored to technical and leadership competencies, enabling employees to excel in roles critical to water production, distribution, and maintenance. By integrating cutting-edge training technologies and industry best practices, the division fosters a culture of continuous improvement and innovation. It also collaborates with internal and external stakeholders to align learning initiatives with regulatory compliance, safety standards, and strategic objectives. Through its efforts, the division supports workforce development, operational efficiency, and the long-term sustainability of the utility's mission.

Core Activities

Design, Deliver, and Evaluate Courses – This activity involves identifying specific training requirements through collaboration with stakeholders. It includes developing comprehensive training materials tailored to business processes, technical skills (e.g., pipe repair), non-technical skills (e.g., customer relations and telephone etiquette), and computer skills. The activity also coordinates and delivers engaging training sessions while evaluating their effectiveness through feedback, performance metrics, and outcome analysis.

Technical Training – This activity focuses on building and delivering robust programs that enhance technical competencies for operators and technicians. It incorporates hands-on workshops, simulations, and field-based training to reinforce practical applications.

Certification and Compliance – This activity focuses on developing and managing certification programs to meet regulatory and industry standards. Ongoing compliance training is provided to ensure adherence to all relevant federal, state, and local regulations.

Onboarding and New Hire Training – This activity designs tailored onboarding programs that introduce new hires to safety protocols, operational standards, and organizational culture. This activity also addresses initial skill gaps to set employees up for success in their roles.

Career Development – This activity includes creating structured pathways for employees to advance their skills and progress in their careers. Cross-training and leadership development opportunities are promoted to broaden capabilities and foster growth.

UTILITY SERVICES LEARNING & DEVELOPMENT DIVISION (Continued)

Core Activities (Continued)

Performance Assessments – This activity includes regular evaluations of employees' technical skills and knowledge. Assessment outcomes are used to create individualized development plans and effectively address skill gaps.

Technology Integration – This activity allows leveraging modern training tools such as e-learning platforms, among others, to enhance learning experiences. Continuous access to training resources are promoted via digital platforms.

Program Evaluation – In this activity, metrics are established to measure training program effectiveness, gathering participant feedback and using data-driven insights to continuously refine content and delivery methods.

Collaborations – This activity includes partnering with industry experts, vendors, and educational institutions to ensure high-quality training programs, to align training initiatives with operational needs and strategic goals.

Knowledge Management – In this activity a repository of technical manuals, standard operating procedures (SOPs), and training documentation is developed and maintained. Knowledge transfer is facilitated through mentoring programs and structured knowledge-sharing initiatives.

WATER/WASTEWATER SYSTEMS ASSESSMENT DIVISION

The Water/Wastewater Systems Assessment 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; and proper maintenance and operation of the wastewater collection system. Wastewater responsibilities include sewer pipe cleaning, line blockage analysis, closed circuit televising of pipes, flow monitoring, pipeline rehabilitation and replacement recommendations, design and construction support, 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. Water responsibilities include small and large valves exercising and repairs; metallic water mains condition assessment and prioritization for replacement, and Pre-stressed Concrete Cylinder Pipe (PCCP) condition assessment and monitoring.

Core Activities

Planning – This activity provides the necessary management and administration related to compliance with the requirements of the federal SSO Consent Decree, and execution of the Line Blockage Analysis Program, which provides for review of sewer lines and service stoppage data, and recommendations for preventive maintenance sewer cleaning and other measures to eliminate repetitive backups and overflows.

Field Maintenance – This activity provides for the proactive cleaning and/or televising of sewer mains Proactive Maintenance Program; preventive sewer cleaning 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 provides recommendations for preventive or corrective maintenance.

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 collections systems involves the investigation of problem sewer basins and development of flow monitoring projects to evaluate the magnitude of the problem(s); physical surveys, smoke testing, dye testing and internal inspection to identify specific defects; SSES of selected basins for the purpose of identifying and eliminating extraneous flows; inspecting and documenting the condition of manholes, trunk sewer lines and creek crossings to identify and correct problems having the potential for causing sewer overflows; and managing and operating the flow surveillance components of WSSC Water's comprehensive sewer model.

Large Valve Assessment, Repair and Replacement – This activity provides inspection of the water transmission systems' large valves. This activity systematically inspects, exercises, repairs and replaces (when necessary) large diameter valves located throughout the system. Based upon results of valve condition assessments, annual valve rehabilitations are projected to be approximately 85 repairs and 2 replacements.

WATER/WASTEWATER SYSTEMS ASSESSMENT DIVISION (Continued)

Core Activities (Continued)

Flow Monitoring – This activity provides monitoring of the flow in the collection system with strategically placed flow meters and rain gauges to assess the sewer flowing the system. This activity is essential to capture potential issues in the system such as inflow and infiltration, sanitary sewer overflows, line blockages, and commercial customer billing.

Asset Armoring/Stream Restoration – This activity gives the division a vehicle to address damages caused by sanitary sewer overflows and watermain breaks. Armoring of exposed assets to protect them from potential damage and mitigation of damage caused by sanitary sewer overflows are the primary focus of this activity. The activity consists of performing both the design and overseeing the construction/repair of the assets.

Chemical Root Control – This activity consists of selectively targeting sewer pipe segments that historically have a root intrusion or had a back up where roots were a key defect. The mains are treated on a routine basis to ensure the mains remain clear of roots.

Objectives, Milestones and Measures

Objective: Identify deteriorating infrastructure through inspection, testing and monitoring Strategic Priority: Asset Management & Infrastructure Reliability

Milestones	Measures	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Target	FY 2027 Target
Inspect the number of PCCP miles as planned	Miles of PCCP inspection performed vs. planned	9.5 / 18.0	18.2 / 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	0.0 / 10.0	0.0 / 10.0	10.0	10.0
Inspect the number of Metallic miles as planned	Miles of Metallic inspection performed vs. planned	n/a	10.3 / 10.0	10.0	10.0
Inspect Fire Hydrants (1/3 of total per depot)	Number of fire hydrants inspected every 3 years vs. planned	21,215 / 13,000	13,876 / 13,000	13,000	13,000
Inspect Small Valves	Number of small valves inspected on 4-yr cycle	17,334 / 13,000	18,048 / 17,000	17,000	17,000
Inspect Large Valves	Number of large valves inspected on 3-yr cycle	617 / 500	763 / 500	500	500

Activity Indicators

Workload Data	FY 2024 Actual / Target	FY 2025 Actual / Target	FY 2026 Approved	FY 2027 Proposed
Miles of sewer mains cleaned for preventive maintenance	585 / 650	579 / 650	650	650
Miles of mainline sewer televised for preventative maintenance program (WSSC Crews)	27 / 60	34 / 60	60	60
Miles of mainline sewer televised for proactive maintenance program (by contract)	97 / 200	96 / 125	200	200
Manholes inspected (by contract)	3,555 / 5,000	5,272 / 5,000	5,000	5,000

METER SERVICES DIVISION

The Meter Services Division is responsible for the water meter evaluation, testing and replacement/repair program for large and small meters; and for reading the agency's water meters to ensure accurate customer billing. Additional support services include fire hydrant meter leasing; warehousing, transporting and issuing of meters to customers; and research and development.

Core Activities

Temporary Fire Hydrant Meter Leasing and Maintenance – This activity involves administering WSSC Water's Temporary Fire Hydrant Meter Leasing Program, which permits the temporary use of metered fire hydrants to individuals or firms. All fire hydrant meters are tested, repaired and maintained to further ensure proper registration and billing accuracy.

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.

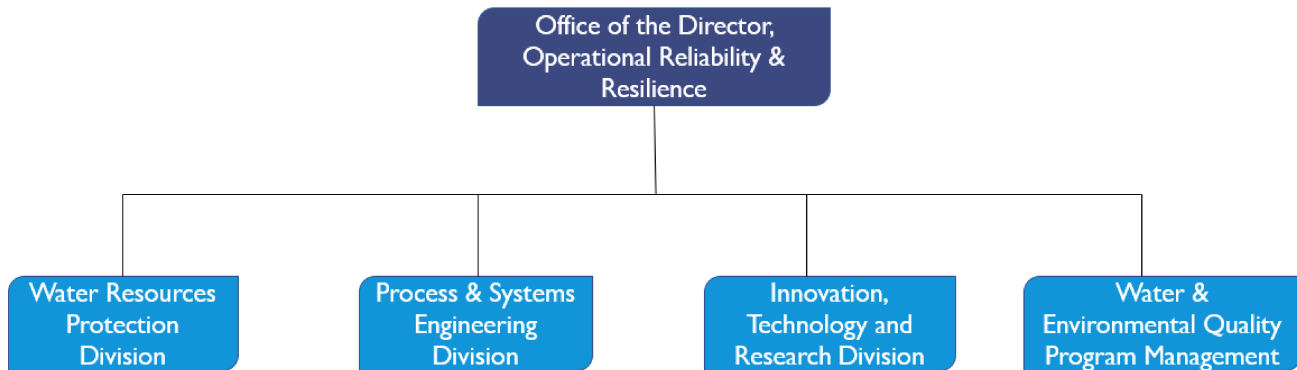
New Meters – This activity involves processing requests for both small and large meters from external customers and installing new meters. The primary function of this activity is to ensure that all activated meters are assigned an account number and properly billed.

Meter Reading – This activity is associated with providing timely and accurate meter readings in order to render customer bills based on actual usage.

DEPARTMENT OF OPERATIONAL RELIABILITY & RESILIENCE

The Department of Operational Reliability and Resilience (DORR) is dedicated to enhancing the capacity of our infrastructure to withstand interruptions and adapt to disruptive changes, identifying strategies to improve the long-term sustainability of our operations in the face of regulatory, environmental, infrastructural and workforce challenges. We focus on finding and implementing new technologies and processes to ensure continued compliance, improve upon safety and service quality, reduce operating expenses, and create revenue opportunities. We work to improve the availability, functionality, and redundancy of critical systems while minimizing the frequency and duration of service disruptions through integrating reliability-centered planning, design, operations, and maintenance.

Organizational Structure



Mission Statement

We drive holistic, adaptive solutions to enhance safe, reliable and sustainable water resources, water services, and wastewater services by uniting teams and partners, providing technical expertise, and leveraging innovation.

Budget Summary

Department of Operational Reliability & Resilience	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Operational Reliability & Resilience Department	8.2	\$ 2,531,905	6.0	\$ 1,424,195	6.0	\$ 1,121,612	-	\$ (302,583)
Water Resources Protection	-	-	3.0	912,356	3.0	945,333	-	32,977
Process and Systems Engineering	-	-	4.0	1,059,463	4.0	1,243,025	-	183,562
Innovation, Technology and Research	-	-	4.0	2,551,581	4.0	2,555,089	-	3,508
Total	8.2	\$ 2,531,905	17.0	\$ 5,947,595	17.0	\$ 5,865,059	-	\$ (82,536)

Explanation of Major Variances

The FY 2027 Proposed Budget reflects the reclassification of DORR as separated into the Water Resources Protection Division, Process and Systems Engineering Division and the Innovation, Technology and Research Division. This change is a more clearly defined workplan for DORR. Previous resources have been reallocated and detailed to align with Commission and department priorities.

DEPARTMENT OF OPERATIONAL RELIABILITY & RESILIENCE (Continued)

Highlights

- Roadmaps have been created for water quality sustainability, supported collection system strategy development
- Working on strategic roadmaps for water supply and protection, distribution system optimization, resource recovery, and research

Accomplishments

- Provided year-round process and event support for drinking water, wastewater and environmental permit compliance receiving awards including Water Research Foundation (WRF) 2025 Subscriber Impact Award; Isle Technology Approval Group (TAG) 2025 Maverick Award
- Were awarded new research grants and significant progress on multiple studies was made especially around PFAS, monitoring, reducing sources into source water or wastewater, tests of potential technologies to treat the PFAS we receive
- Strategically coordinated WSSC Water activities through Program Management of Lead Reduction Program and the PFAS Program
- Avoided Operational and CIP cost through strategically timed pilot tests, in-house tailored solutions, and new process implementation to address treatment process challenges
- Supported key regulatory actions around potential PFAS in biosolids and water main break procedures

Community Impact

- By identifying challenges and implementing solutions to the reliability and resilience of water and wastewater services, we reduce the extent and frequency of disruption, prepare for continued compliance into the future, and reduce impact of our operations on the environment.

OPERATIONAL RELIABILITY & RESILIENCE DEPARTMENT

The Operational Reliability & Resilience Department enhances operational reliability and resilience through a Smart One Water approach of holistic integration and management of water resources, treatment processes and delivery systems, testing and implementing innovative science and technology solutions to meet operational challenges, and leading cross-functional water and environmental quality programs.

Core Activities

Program Management – This activity develops a holistic solution, this department coordinates and collaborates strategically across internal departments and external stakeholders to address initiatives such as the Lead Reduction Program, One Water PFAS Program and other emerging water and environmental quality challenges.



WATER RESOURCES PROTECTION

The Water Resources Protection Office develops and implements One Water approach for water resources management to protect and improve source water supply and quality necessary to meet current and future needs, enhance reliability and resilience of watersheds, and provide pollution assessment and prevention, and environmental compliance services.

Core Activities

Water Resources Resilience – This activity is a comprehensive set of activities designed to strengthen the reliability, adaptability and long-term sustainability of WSSC Water's water resources in the face of evolving environmental, climatic and operational challenges. The program includes improving and protecting the quality and quantity of our drinking water supplies through the following critical activities: assessing current conditions and predicting future challenges to our source water quality, developing and updating source water pollution prevention plans and permits, developing tools that improve our readiness to monitor and respond to drought conditions, and working with regional partners towards long-term solutions for enhancing source water protection and water supply resiliency. We are active members in several regional collaborations with other utilities and organizations with shared interest in the quality and quantity of our water supply, including holding leadership roles in Regional source water protection collaboratives and participating in Regional water supply alternatives studies and collaborations. Additionally, we are engaged in planning and evaluating operational opportunities and investments that will enhance and protect our source water quality and increase our water supply.

PROCESS AND SYSTEMS ENGINEERING

The Process and System Engineering Office support core operations units to develop solutions and optimize operations, improve reliability or capacity to withstand interruptions and resilience or capacity to absorb, adapt or recover from potential disruptive changes such as climate change, new regulations, or emerging contaminants. Develops innovative approaches to enhance reliability of services of water and wastewater systems. Leverages understanding of interconnectedness of systems to create efficiencies within processes and linear systems and continuously improve, reduce use of resources and reduce cost.

Core Activities

Reliable Water Systems – This activity is centered on strengthening the regulatory and reliability performance of our systems to meet water quality and service delivery goals by enhancing our capacity to absorb, adapt, and recover from potential challenges such as flooding, drought, extreme weather and contamination events. We enhance water system operations and reliability through testing, piloting and implementing improvements in monitoring, power systems, treatment capacity and contaminant removal processes. We also track regulatory status and potential new regulations, and investigate water transmission, distribution and collection maintenance scenarios which limit reliability.

INNOVATION, TECHNOLOGY AND RESEARCH

The Innovation, Technology and Research office identifies and leverages proven and new technologies for application to WSSC Water processes and systems. Develops fundamental understanding of science and technologies, builds in-house research and development capacity, and collaborates with external research institutions to match operational needs to progressive solutions, while positioning WSSC Water as a leader in the water and wastewater industry.

Core Activities

Optimizing Operations for Exceptional Customer Service – This activity is dedicated to delivering excellent customer service by maximizing operational efficiency and reducing costs. We continually pursue opportunities to lower energy and chemical use, avoid large capital expenditures through tailored, one-of-a-kind solutions, and generate new revenue by marketing in-house innovations. We enhance service delivery by testing methods to reduce non-revenue water loss—helping preserve water availability amid more frequent droughts—and by piloting smart monitoring, condition assessment and maintenance technologies that reduce sewer overflows and basement backups. We leverage advanced technologies that enable us to do more with fewer resources, helping limit rate increases for our customers. While others see waste, we see resources. Our efforts support turning biosolids into marketable products , and we continue exploring treated wastewater reuse opportunities to reduce reliance on our source water systems while continuing to support regional economic growth.

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 organizations listed below.

Budget Summary

Mission Support	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years*	Amount
Mission Support Branch Office	-	\$ -	1.0	\$ 317,129	1.0	\$ 314,724	-	\$ (2,405)
General Services Department	125.8	79,680,277	146.0	109,636,495	146.0	124,979,827	-	15,343,332
Police & Homeland Security	40.4	6,590,387	45.0	7,323,010	46.0	7,359,310	1.0	36,300
Occupational Health & Safety Division	10.5	3,004,980	18.0	5,496,266	17.0	5,775,977	(1.0)	279,711
Total	176.7	\$ 89,275,644	210.0	\$ 122,772,900	210.0	\$ 138,429,838	-	\$ 15,656,938

The FY 2027 Mission Support Branch Proposed Budget increased by 12.8% from the FY 2026 Approved Budget. The increase is primarily due to increased General Services capital projects for the Support Center upgrades and the Anacostia Depot renovation.

MISSION SUPPORT BRANCH OFFICE

Mission Support Branch Office enhances organizational resilience, drives sustainability initiatives, and ensures a safe and effective working environment, allowing WSSC Water to fulfill its mission of providing reliable, high-quality water and wastewater services to the community. The office oversees the work of the General Services, Police & Homeland Security, and Occupational Health & Safety Departments with responsibility for support facilities, facilities maintenance, fleet, materials management, energy and sustainability, emergency management, police, security, health, and safety.

Mission Statement

To provide essential services that enable the efficient operation of WSSC Water, ensuring the safety, sustainability, and resilience of its people, facilities, and infrastructure. This branch supports the organization's mission by delivering strategic leadership and operational oversight across multiple critical areas, ensuring continuity of services for over 1.9 million customers.

Core Activities

Health & Safety – This activity maintains a safe work environment for employees through occupational health programs, workplace safety initiatives and regulatory compliance with industry safety standards.

Emergency Management – This activity develops and implements emergency preparedness plans and continuity strategies to ensure WSSC Water remains operational during extreme weather events, natural disasters and other disruptions.

Police & Security – This activity protects WSSC Water's personnel, assets, and infrastructure by overseeing security operations, coordinating with law enforcement agencies and ensuring compliance with industry best practices.

Fleet Management – This activity oversees the acquisition, maintenance and operation of WSSC Water's vehicle fleet, ensuring reliability, efficiency and sustainability in supporting field operations and emergency response.

Materials Management – This activity manages the supply chain, procurement and warehousing of critical materials and equipment necessary for utility operations, ensuring inventory readiness and cost efficiency.

Facility Services – This activity maintains and optimizes the operational performance of WSSC Water's non-production buildings and grounds, ensuring safe, functional and efficient workplaces for employees.

Sustainability & Energy Management – This activity advances WSSC Water's commitment to sustainability by overseeing climate adaptation initiatives, greenhouse gas reduction efforts, renewable energy credit strategies and biogas utilization programs.

Real Estate & Telecommunications Management – This activity manages WSSC Water's real estate portfolio, ensuring optimal use of properties, negotiating and administering telecommunications leases, and leveraging assets for strategic and financial benefit.

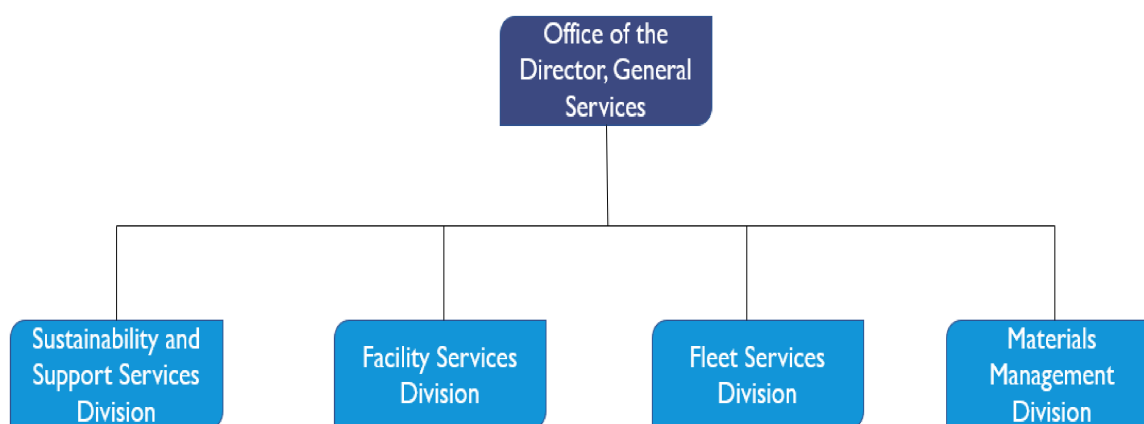
GENERAL SERVICES DEPARTMENT

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. Led by the Office of the Director, the department is comprised of the four divisions shown in the following chart.

Organizational Structure



Mission Statement

To strategically plan, lead and harmonize a spectrum of essential support services including overseeing the maintenance of WSSC Water'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.

Budget Summary

General Services Department	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, General Services	3.6	\$ 750,177	6.0	\$ 32,299,001	8.0	\$ 35,247,570	2.0	\$ 2,948,569
Sustainability & Support Services Division	20.8	40,977,293	27.0	38,778,723	27.0	50,485,379	-	11,706,656
Facility Services Division	30.0	11,206,252	38.0	9,492,426	36.0	9,246,503	(2.0)	(245,923)
Fleet Services Division	43.1	22,968,344	46.0	24,934,036	46.0	25,812,010	-	877,974
Materials Management Division	28.3	3,778,211	29.0	4,132,309	29.0	4,188,365	-	56,056
Total	125.8	\$ 79,680,277	146.0	\$ 109,636,495	146.0	\$ 124,979,827	-	\$ 15,343,332

GENERAL SERVICES DEPARTMENT (Continued)

Explanation of Major Variances

The FY 2027 Proposed Budget reflects an approximate 14.0% increase compared to the FY 2026 Approved Budget. This increase is primarily due to: increased funding request for two Capital Improvements Program projects, including the Support Center upgrades and Anacostia Depot renovation; increased energy funding requests; and increased fleet machinery and equipment costs.

Accomplishments

- Commenced construction of a \$12.3 million switchgear and generator replacement project for the Support Center Building to enhance operational resilience and reliability
- Substantially completed the Temple Hills Depot comprehensive upgrades project, including renovated office and locker facilities, a new employee fitness center, and major electrical, mechanical, and energy-efficiency improvements
- Fleet Services Division recognized for the second consecutive year as a Top 100 Public Fleet in North America by the National Automotive Fleet Association
- Launched the Warehouse Online Ordering Application, with 22,303 of 30,297 customer orders (74%) processed digitally in FY 2025, significantly improving efficiency and inventory accuracy
- Expanded telecommunications lease portfolio, executing two new leases generating \$119,000 in FY 2025 revenue and negotiating seven additional leases totaling \$323,000 to take effect in FY 2026
- Established a Warehouse Quality Assurance program to track key performance indicators, improve operational efficiency, and initiated the process to obtain national certification as a highly efficient warehouse
- Achieved zero overdue preventive maintenance at four of six fleet garages as of June 2025, strengthening asset reliability and extending the useful life of vehicles and equipment
- Initiated construction of a 12-megawatt solar farm to support WSSC Water operations, advancing sustainability goals and long-term carbon reduction targets
- Completed 23 minor facilities renovation and upgrade projects across multiple depots and treatment plants, including building improvements, roof replacements, parking lot resurfacing, and employee facility enhancements
- Expanded the General Services Customer Service Call Center to centralize service requests and improve responsiveness and operational efficiency



OFFICE OF THE DIRECTOR, GENERAL SERVICES

The General Services Director is responsible for the oversight and operation of the General Services Department.

Core Activities

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 Materials 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 including workspace planning, office services, reprographics and mail services, energy management and delivering CIP projects associated with WSSC Water buildings, depots and labs. This division also works across the agency to optimize sustainable practices such as recycling, green facilities and construction.

Core Activities

Sustainable Planning Services – This activity provides sustainability services for WSSC Water, which includes space planning, procurement of energy, 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

The Facility Services Division is responsible for all building and ground's related maintenance responsibilities for all WSSC Water facilities including WSSC Water Support Center, labs, 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 and 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 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
Equipment fleet managed (pieces of equipment)	680	700	695	710
Vehicle fleet managed (number of vehicles)	980	1,148	970	1,100
Scheduled preventative maintenance completed on vehicles and equipment	3,892	3,905	4,000	4,000
Other (non-preventative maintenance) vehicle and equipment repairs	9,325	8,875	9,550	9,100



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

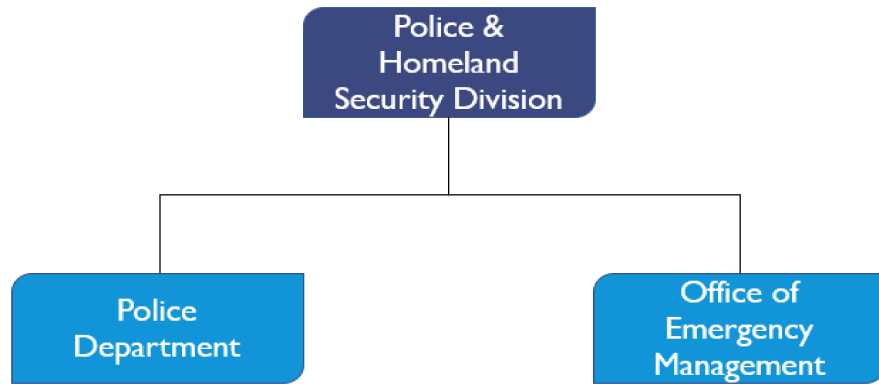
Warehousing – This activity involves administrative and physical functions associated with the storage and distribution of goods and materials required to support construction, maintenance and repair operations. These functions include receipt, identification, inspection, cycle counting, storage and 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

Police & Homeland Security is responsible emergency management, police services, and security services agency-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.

Organizational Structure



Mission Statement

To administer the highest quality critical infrastructure security, police and emergency management services for WSSC Water.

Budget Summary

	FY 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Police & Homeland Security	40.4	\$ 6,590,387	45.0	\$ 7,323,010	2.0	\$ 459,826	(43.0)	\$ (6,863,184)
Police Department	-	-	-	-	41.0	6,212,415	41.0	6,212,415
Office of Emergency Management	-	-	-	-	3.0	687,069	3.0	687,069
Total	40.4	\$ 6,590,387	45.0	\$ 7,323,010	46.0	\$ 7,359,310	1.0	\$ 36,300

Explanation of Major Variances

The FY 2027 Proposed Budget reflects the reclassification of the Police and Homeland Security Division as separated into the Police Department and the Office of Emergency Management. This change is a more clearly defined workplan for the division. One position was transferred from the Occupational Health & Safety Division to the Police and Homeland Security Division.

Highlights

- The Police Department will introduce squad-level “vision talks” to strengthen leadership alignment and team engagement. It will also lead the Resource Protection Working Group (RPWG) to assess security technology needs and launch a comprehensive capital project for CCTV, badges readers and other upgrades

POLICE & HOMELAND SECURITY (Continued)

Highlights (Continued)

- To enhance workforce readiness and safety culture, the department will implement a centralized training tracking system and deliver targeted training in security, critical incident response, and conflict resolution. Additionally, dashboards and operational reports with performance indicators and benchmarks will be developed to provide transparency and situational awareness for stakeholders
- The Office of Emergency Management will expand the Fire Life Safety Program and deepen engagement with critical customers, including hosting the first annual Critical Customer Summit. It will also establish a structured annual training and exercise program to strengthen organizational preparedness, coordination, and continuity across departments
- Further priorities include leading the Unified Radio Communications Working Group to guide procurement and implementation of new communications equipment for improved interoperability and response efficiency. The office will also deploy the Layermark Operational Assessment Platform to enhance situational awareness and operational decision-making.

Accomplishments

- The Police Department has equipped all officers with body-worn cameras and ballistic shields, and the Security section has been reorganized under the Police Department. Recent security enhancements include the addition of armed civilian security personnel, targeted patrols supporting TeamH2O while working in the community, and bicycle, ATV and watercraft patrols
- A fencing and access control project for the new Consolidated Laboratory has been completed, and security design measures have been integrated into major facility upgrades. These upgrades include projects led by General Services, such as the Anacostia Depot reconfiguration and redevelopment
- The Office of Emergency Management completed a comprehensive Risk and Resilience Assessment using the RAMCAP J-100 standard and updated its Emergency Operations Plan (EOP). The assessment evaluated threats, vulnerabilities, and consequences across multiple hazards to prioritize investments in resilience, security, and emergency preparedness, while the EOP provides a strategic framework for managing all-hazards events in alignment with local, state, and federal requirements
- Development of facility-specific Emergency Response Plans is underway, and a tabletop exercise testing a Boil Water Advisory was successfully completed. Additionally, two new emergency management positions were filled in November 2025, tripling staff dedicated to preparedness, management, and response.



POLICE DEPARTMENT

The Police Department safeguards property, infrastructure, personnel, and organizational interests through proactive patrols and security checks, physical security at designated facilities, continuous CCTV monitoring, and thorough investigations of service theft and internal incidents. In addition, the department manages access control systems, responds to and investigates security breaches, coordinates with local law enforcement and emergency agencies, enforces utility regulations, and supports emergency management operations during major incidents. It also conducts threat assessments, oversees security for special events and high-risk projects, and provides training and guidance on workplace safety and security protocols to ensure a resilient and secure environment.

Core Activities

Police & Security Services – This activity provides safety and security of employees and visitors across all agency-owned properties and facilities. It encompasses proactive patrols of WSSC Water sites, the implementation and continuous monitoring of centralized physical and electronic security systems, investigations, and efforts to expand and enhance the performance of these systems. Additionally, the activity includes enforcing rules, regulations, and laws related to forestry, environmental protection, and the safeguarding of natural resources, as well as providing and supervising civilian services to WSSC Water facilities. In addition, Police spearhead Conflict Resolution Training throughout the commission.

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.

OFFICE OF EMERGENCY MANAGEMENT

The Office of Emergency Management (OEM) serves as the central hub for coordinating preparedness, response, and recovery efforts to ensure the continuity of essential water services during emergencies. Its core functions include developing and implementing comprehensive emergency plans, conducting training and exercises to enhance staff readiness, and managing major incidents such as natural disasters, infrastructure failures, or security threats. The OEM oversees fire and life safety programs to protect personnel and facilities. OEM promotes mitigation strategies to reduce risks and vulnerabilities. Additionally, the office leads preparedness initiatives, ensures regulatory compliance, and coordinates recovery operations to restore normal service as quickly as possible. Through proactive planning and collaboration, the OEM strengthens resilience and operational reliability during emergencies.

Core Activities

Emergency Management – This activity includes coordination of the full preparedness cycle—planning, training, and exercising—for emergencies and disasters. It also includes supporting agency-wide coordination during large-scale incidents and disasters and facilitating collaboration with state and local public safety partners throughout those events. Emergency management responsibilities include maintaining and updating emergency response plans, operational plans, and Continuity of Operations Plans (COOP). COOP ensures that essential agency functions can continue under all hazards, whether natural or human-caused. This activity also oversees the development, management, and improvement of after-action reviews and improvement plans following both exercises and real-world incidents, ensuring lessons learned are captured and implemented effectively.

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 HEALTH & SAFETY DIVISION

The Occupational Health & Safety Office provides administration of the WSSC Water Safety and Health Program to ensure compliance with governing federal, state, and 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 integrate health and safety into programs and procedures that are curious and context-rich, fostering a culture of care for Team H2O.

Core Activities

Occupational Health and Safety – 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.



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 2025 Actual		FY 2026 Approved		FY 2027 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Human Resources Non-Departmental	-	\$ 37,785,813	-	\$ 40,415,946	-	\$ 46,341,476	-	\$ 5,925,530
Finance Non-Departmental								
Debt Service	-	355,024,069	-	373,801,000	-	388,446,000	-	14,645,000
PAYGO	-	50,601,000	-	93,000,000	-	100,000,000	-	7,000,000
Other (Social Security, Retirement, etc.)	-	33,853,313	-	68,347,690	-	79,281,617	-	10,933,927
Retirement Trust Chargeback	-	(1,771,610)	-	(2,061,479)	-	(1,749,148)	-	312,331
Total	-	\$ 475,492,585	-	\$ 573,503,157	-	\$ 612,319,945	-	\$ 38,816,788

Explanation of Major Variances

The FY 2027 Proposed Budget reflects an overall increase of 6.8% from the FY 2026 Approved Budget primarily due to (1) increased PAYGO contributions, (2) increased payments to Social Security and Retirement funds, (3) increased health and group life insurance costs due to rising health care costs and 4) debt service increases due to new bond sales and interest rates.

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	Howard County Department of Public Works
2	National Institutes of Health
3	University of Maryland
4	U.S. Navy Walter Reed
5	Joint Base Andrews
6	Charles County Government
7	Leisure World
8	Gaylord
9	General Services Administration (GSA)
10	National Institute of Standards and Technology (NIST)
11	Southern Management
12	Franklin Park Apartments
13	Bowie State College
14	MGM Resorts
15	Coca Cola Bottling Company
16	MedImmune LLC
17	Gateway Apartments
18	U.S. Department of Agriculture
19	Borger Management Inc.
20	Six Flags

Top customers are based on FY 2025 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 2021	FY 2022	FY 2023	FY 2024	FY 2025
Customer Accounts Both Counties	466,884	468,929	471,575	472,809	475,405
Percent Change (%)	0.7%	0.4%	0.6%	0.3%	0.5%
By Type of Customer*					
Residential	445,503	442,968	446,754	448,095	450,777
Percent Change (%)	0.7%	-0.6%	0.9%	0.3%	0.6%
Commerical and Industrial	17,402	21,843	21,983	21,909	21,903
Percent Change (%)	-0.3%	25.5%	0.6%	-0.3%	0.0%
Government and Other	3,979	4,118	2,838	2,805	2,725
Percent Change (%)	5.7%	3.5%	-31.1%	-1.2%	-2.9%
By Type of Property*					
Single-Family Residence	343,414	343,851	345,386	345,609	346,408
Townhouse	94,823	96,209	98,433	99,398	101,019
General Commercial	16,050	13,202	16,901	16,882	16,904
Garden Apartment	3,978	3,977	3,992	4,004	4,022
Multi-Unit (Individually Metered)	2,626	2,624	2,625	2,618	2,620
High-Rise Apartment	468	473	481	485	492
Other	5,525	8,593	3,757	3,813	3,940
	466,884	468,929	471,575	472,809	475,405

* Data source: WSSC Water's Customer-to-Meter (C2M) customer billing system

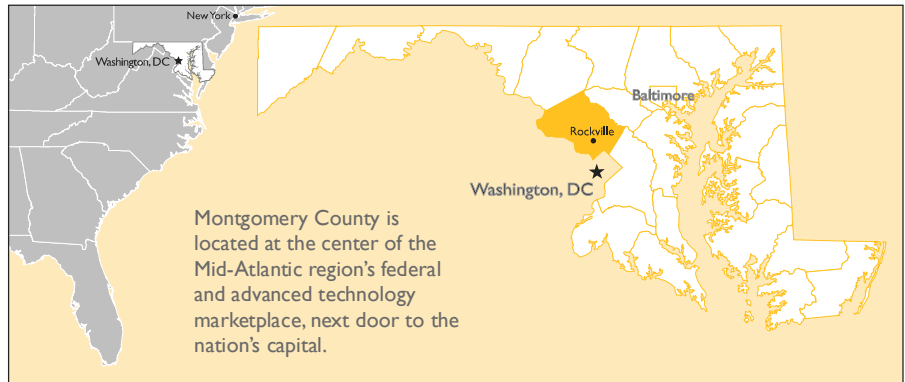
The following pages include economic facts for Montgomery County and Prince George's County, published by the Maryland Department of Commerce.

Brief Economic Facts

MONTGOMERY COUNTY, MARYLAND

Home to over 1 million residents, Montgomery County is Maryland's most populous jurisdiction, and one of it's most affluent. With almost one in three residents between 25 – 64 holding a postgraduate degree, Montgomery County is home to an internationally competitive labor market, with ground breaking innovations to show for it. The first mapping of the human genome was accomplished here, along with ground breaking life-saving therapies, premier cybersecurity defense, an industry leading quantum sector, and a world class series of IT advancements.

The county is also home to major industry definers, with federal facilities in the county including the National Institute of Health, the National Institute of Standards and Technology, the Food and Drug Administration to name a few. 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 #1 community college Maryland, and #10 in the nation (WalletHub, 2024).



Recent developments include the formation of the Institute of Health Computing, which seeks to lead innovation in the traditionally prohibitory data intensive sectors of genomics and drug discovery with advanced computing and artificial intelligence.

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} (2023)

Age	Number	Percent
Under 5	61,577	5.8%
5 - 19	204,289	19.3%
20 - 44	333,797	31.6%
45 - 64	282,843	26.7%
65 and over	175,080	16.6%
Total	1,057,586	100.0%
Median Age	40.1 Years	

Brief Economic Facts MONTGOMERY COUNTY, MARYLAND

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

Civilian Labor Force (2024 avg.)	County	Labor Mkt. Area*
Total civilian labor force	570,215	1,239,446
Employment	555,030	1,203,322
Unemployment	317	36,124
Unemployment rate	3.5%	2.9%
Residents commuting outside the county to work (2019-2023)	Number 53,677	Percent 9.7%
Employment in selected occupations (2019-2023)		
Management, business, science and arts	336,039	60.1%
Service	77,711	13.9%
Sales and office	80,348	14.4%
Production, transp. and material moving	31,300	5.6%

*Frederick, Montgomery and Prince George's counties

MAJOR EMPLOYERS^{6,7} (2023-2024)

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 (2024)

Industry	Estab-lishments	Annual Avg. Empl.	Empl. %	Avg. Wkly. Wage
Federal government	139	48,586	10.6%	\$2,718
State government	15	1,374	0.3%	1,256
Local government	251	45,227	9.7%	1,428
Private sector	35,013	365,667	79.4%	1,691
Natural resources and mining	74	419	0.1%	940
Construction	2,478	21,609	4.8%	1,623
Manufacturing	549	14,660	3.1%	3,105
Trade, transportation and utilities	3,666	54,029	11.9%	1,161
Information	1,007	9,021	1.9%	2,667
Financial activities	3,336	23,719	5.3%	2,832
Professional and business services	10,091	99,373	22.2%	2,199
Education and health services	5,058	82,690	17.2%	1,324
Leisure and hospitality	2,489	40,756	8.7%	667
Other services	6,250	19,369	4.2%	1,290
Total	35,417	460,853	100%	1,773

Includes civilian employment only

HOURLY WAGE RATES⁴ (2023)

Selected Occupations	Median	Entry	Skilled
Accountants and Auditors	\$45.22	\$31.52	\$56.83
Aerospace Engineers	\$64.98	\$44.06	\$72.69
Assemblers and Fabricators	\$22.70	\$17.35	\$26.86
Biological Technicians	\$28.71	\$21.56	\$34.58
Bookkeeping Clerks	\$27.38	\$20.24	\$31.63
Computer Hardware Engineers	\$65.42	\$47.13	\$78.22
Network Support Specialists	\$44.54	\$30.74	\$59.47
Computer Systems Analysts	\$58.06	\$37.58	\$70.45
Computer User Support Specialists	\$30.59	\$22.44	\$38.62
Customer Service Representatives	\$20.57	\$16.05	\$25.71
Electrical Engineers	\$64.61	\$43.35	\$75.90
Electronics Engineers, not Computer	\$66.53	\$50.47	\$77.16
Industrial Truck Operators	\$22.05	\$19.54	\$26.07
Information Security Analysts	\$68.46	\$43.05	\$82.59
Inspectors, Testers, Sorters	\$29.85	\$20.48	\$36.42
Laborers and Freight, Hand	\$18.10	\$15.99	\$21.25
Machinists	\$34.58	\$23.95	\$39.68
Maintenance Workers, Machinery	\$30.25	\$22.47	\$33.89
Mechanical Engineers	\$58.02	\$39.23	\$69.86
Packaging Operators and Tenders	\$17.89	\$15.39	\$22.57
Packers and Packers, Hand	\$17.25	\$15.06	\$20.58
Secretaries and Admin Assistants	\$23.45	\$18.18	\$30.78
Shipping, Receiving Clerks	\$20.48	\$16.64	\$24.01
Stockers and Order Fillers	\$17.46	\$14.72	\$20.25

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 (2019-2023)

High school graduate or higher	91.2%
Bachelor's degree or higher	60.3%

Public Schools

Number: 137 elementary; 40 middle; 25 high, 1 tech
Enrollment: 160,223
Cost per pupil: \$18,975
Students per teacher: 13.8
High school career / tech enrollment: 16,227
High school graduates: 12,071

Nonpublic Schools Number: 313

Higher Education (2023)	Enrollment	Degrees
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2-year institution

Montgomery College	17,137	3,110
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Major 4-year institutions

Uniformed Services University of the Health Sciences	*	*
Washington Adventist University	671	227

*Not available for 2023

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	none	8.25%
Base – federal taxable income		
Personal Income Tax	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	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	\$0.6700	\$0.112
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	\$1.6750	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 (2019-2023)

Distribution	Percent Households		
	Montgomery County	Maryland	U.S.
Under \$25,000	8.1	11.3	15.0
\$25,000 - \$49,999	9.8	12.7	17.3
\$50,000 - \$74,999	10.7	13.2	15.7
\$75,000 - \$99,999	10.4	12.0	12.7
\$100,000 - \$149,999	17.8	19.3	17.4
\$150,000 - \$199,999	13.2	12.4	9.3
\$200,000 and over	30.0	19.2	12.6
Median household	\$128,733	\$101,652	\$78,538
Average household	\$177,086	\$133,800	\$110,491
Per Capita	\$66,124	\$51,689	\$43,289
Total income (millions)	\$68,688	\$313,026	\$14,085,709

HOUSING^{3,10}

Occupied Units 2019-2023 403,643 (65.82% owner occupied)

Housing Transactions (2024)

Units Sold	9,658
Median Selling Price	\$615,000

*All multiple listed properties excludes auctions and FSBO

BUSINESS AND INDUSTRIAL PROPERTY⁶

Home to over 300 biotech companies, the county is continuing development along the I-270 and Rt. 29 corridors, adding to its global reputation as a technology center.

MilliporeSigma - MilliporeSigma, an international biosciences company, is expanding its presence in Montgomery County, Maryland with a \$286 million investment to grow its biosafety testing capacity. The company is moving into a new 250,000 square-foot space at the Traville Gateway campus in Rockville, where it will retain at least 600 existing workers and add 500 new jobs to the region.

AlphaStruxure - AlphaStruxure and Montgomery County have broken ground on the nation's largest renewable energy-powered transit depot, marking a pivotal milestone in sustainable transportation. This state-of-the-art facility will harness clean energy to power operations, reduce emissions, and set a benchmark for eco-friendly transit infrastructure, fostering a greener, more resilient future.

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 (2023)	Average
Rental Rates – per square foot	
Industrial	\$20.39
Flex	\$24.85
Class A Office	\$37.00

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

Kate Stewart President, County Council 240.777.7968

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

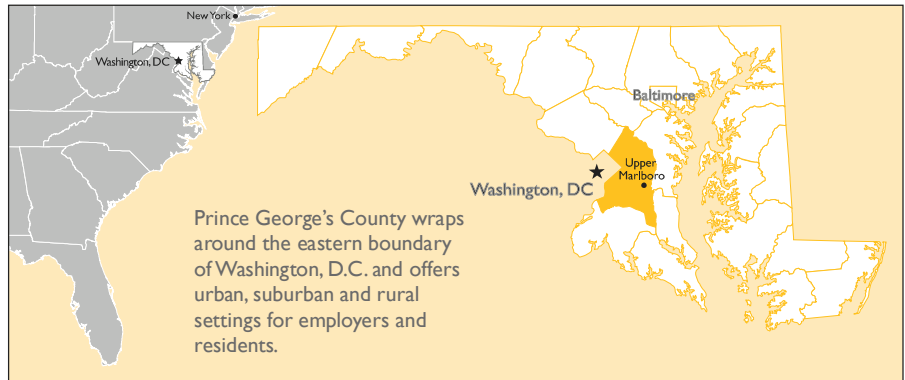
Brief Economic Facts

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 \$33.3 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 and the South mixed-use development projects are 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 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} (2023)

Age	Number	Percent
Under 5yrs	59,434	6.2%
5 - 19 yrs	179,745	18.8%
20 - 44 yrs	323,774	33.9%
45 - 64 yrs	254,577	26.6%
65 and over	138,054	14.4%
Total	955,584	100.0%
Median Age	38.5 Years	

Brief Economic Facts PRINCE GEORGE'S COUNTY, MARYLAND

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

Civilian Labor Force (2024 avg.)	County	Labor Mkt. Area*
Total civilian labor force	510,600	1,239,446
Employment	493,763	1,203,322
Unemployment	15,185	36,124
Unemployment rate	2.7%	2.9%
Residents commuting outside the county to work (2019-2023)	Number 84,925	Percent 17.2%
Employment in selected occupations (2019-2023)		
Management, business, science and arts	212,850	42.7%
Service	94,312	18.9%
Sales and office	89,900	18.0%
Production, transp. and material moving	46,691	9.4%

*Frederick, Montgomery and Prince George's counties

MAJOR EMPLOYERS^{6,7} (2023-2024)

Employer	Product/Service	Employment
University System of Maryland	Higher education	15,257
NASA/Goddard Space Flight Center	Federal space research	14,683
Joint Base Andrews Naval Air Facility Washington	Federal military installation	13,125
Washington Metropolitan Area Transit Authority (WMATA)	Public transportation	5,093
U.S. Census Bureau	Federal demographic research and data	4,559
U.S. Department of Agriculture	Federal agricultural research and regulation	3,322
MGM National Harbor	Casino hotel	3,254
National Oceanic and Atmospheric Administration (NOAA)	Federal weather analysis and reporting	3,227
National Maritime Intelligence Integration Office (NMIO)	Federal maritime intelligence analysis	3,000
MedStar Health	Medical services	2,416
University of Maryland Capital Region Health	Medical services	2,350
Giant Food	Supermarket	2,197
Prince George's Community College	Higher education	2,175
Gaylord National Resort - Convention Center	Hotel and convention center	2,000
Kaiser Permanente	Medical services	1,843
CBMC Capital Building Maintenance	Facilities support services	1,800
Doctor's Community Hospital	Medical services	1,787
Washington Suburban Sanitary Commission (WSSC)	Water and Sewage Systems	1,700
Shopper's	Supermarket	1,484
Excludes post offices, state and local governments, national retail and national foodservice; includes higher education		

EMPLOYMENT⁴ (2024)

Industry	Estab-lishments	Annual Avg. Empl.	Empl. %	Avg. Wkly. Wage
Federal Government	149	30,717	9.4%	2,581
State Government	18	24,628	7.5%	1,340
Local Government	295	42,508	12.9%	1,617
Private Sector	18,319	230,582	70.2%	1,228
Natural resources and mining	34	318	0.1%	1,165
Construction	2,017	28,870	8.8%	1,669
Manufacturing	349	6,655	2.0%	1,395
Trade, Transportation, and utilities	3,538	59,129	18.0%	987
Information	365	2,098	0.6%	1,825
Financial activities	1,399	10,985	3.3%	1,451
Professional and business services	4,125	41,062	12.5%	1,659
Education and health services	2,821	36,956	11.3%	1,271
Leisure and hospitality	1,825	35,038	10.7%	634
Other Services	1,829	9,449	2.9%	1,052
Total	18,780	328,435	100.0%	1,413

Includes civilian employment only

HOURLY WAGE RATES⁴ (2023)

Selected Occupations	Median	Entry	Skilled
Accountants and Auditors	\$45.08	\$30.57	\$56.20
Aerospace Engineers	\$78.48	\$53.15	\$83.25
Assemblers and Fabricators	\$22.18	\$17.85	\$26.65
Biological Technicians	\$28.93	\$19.87	\$34.20
Bookkeeping Clerks	\$27.38	\$20.10	\$31.49
Computer Hardware Engineers	\$76.36	\$51.98	\$83.44
Network Support Specialists	\$41.53	\$29.27	\$54.31
Computer Systems Analysts	\$53.41	\$35.43	\$69.42
Computer User Support Specialists	\$29.76	\$22.83	\$36.77
Customer Service Representatives	\$18.32	\$15.31	\$24.41
Electrical Engineers	\$52.27	\$35.95	\$69.02
Electronics Engineers, not Computer	\$66.53	\$50.85	\$77.20
Industrial Truck Operators	\$23.18	\$19.93	\$27.19
Information Security Analysts	\$65.47	\$38.77	\$77.85
Inspectors, Testers, Sorters	\$22.30	\$15.83	\$31.08
Laborers and Freight, Hand	\$18.44	\$16.16	\$21.21
Machinists	\$30.22	\$24.26	\$35.97
Maintenance Workers, Machinery	\$29.43	\$22.21	\$33.47
Mechanical Engineers	\$54.08	\$37.61	\$68.38
Packers and Packagers, Hand	\$16.27	\$13.88	\$19.82
Secretaries and Admin Assistants	\$23.12	\$18.02	\$29.12
Shipping, Receiving Clerks	\$21.04	\$16.40	\$24.99
Stockers and Order Fillers	\$17.80	\$14.66	\$20.39
Telemarketers	\$16.01	\$15.78	\$18.35

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 (2019-2023)

High school graduate or higher	86.7%
Bachelor's degree or higher	36.1%

Public Schools

Number: 119 elementary; 38 middle/combine; 24 high; 9 charter
Enrollment: 131,325
Cost per pupil: \$19,380
Students per teacher: 14.5
High school career / tech enrollment: 13,964
High school graduates: 8,073

Nonpublic Schools Number: 101

Higher Education (2023)

	Enrollment	Degrees
2-year institution		
Prince George's Community College	10,244	1,341
4-year institutions		
Bowie State University	6,275	1,164
Capitol Technology University	834	176
University of Maryland, College Park	40,792	11,320
University of Maryland Global Campus	56,377	14,352

Undergraduate and graduate courses are offered at the Laurel College Center through 6 Maryland public colleges/universities
Central Michigan and Embry-Riddle Aeronautical Universities offer courses at Joint Base Andrews.

TAX RATES⁹

	Prince George's County	Maryland
Corporate Income Tax	none	8.25%
Base – federal taxable income		
Personal Income Tax	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	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	\$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	\$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 (2019-2023)

Distribution	Percent Households		
	Prince George's Co.	Maryland	U.S.
Under \$25,000	10.2	11.3	15.0
\$25,000 - \$49,999	11.9	12.7	17.3
\$50,000 - \$74,999	14.2	13.2	15.7
\$75,000 - \$99,999	13.4	12.0	12.7
\$100,000 - \$149,999	21.4	19.3	17.4
\$150,000 - \$199,999	12.9	12.4	9.3
\$200,000 and over	16.1	19.2	12.6
Median household	\$100,708	\$101,652	\$78,538
Average household	\$122,461	\$133,800	\$110,491
Per Capita	\$45,287	\$51,689	\$43,289
Total income (millions)	\$42,198	\$313,026	\$14,085,709

HOUSING^{3,10}

Occupied Units (2019-2023) 359,176 (62.4% owner occupied)

Housing Transactions (2024)

Units Sold	8,900
Median Selling Price	\$440,000

*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

Aisha Braveboy, County Executive 301.952.4131

Edward Burrows III Chair, County Council 301.952.3860

Website: www.princegeorgescountymd.gov

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

Prince George's County Economic Development Corporation

Ebony Stocks, Acting President and CEO

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Largo, Maryland 20774

Telephone: 301.583.4650

Email: info@pgcedc.com

www.pgcedc.com

Sources:

1 National Oceanic and Atmospheric Administration (1981-2010 normals); Maryland Geological Survey

2 American Community Survey

3 U.S. Bureau of the Census

4 Maryland Department of Labor, Office of Workforce Information and Performance

5 U.S. Bureau of Labor Statistics

6 Prince George's County Economic Development Corporation

7 Maryland Department of Commerce

8 Maryland State Department of Education; Maryland Higher Education Commission

9 Maryland State Department of Assessments and Taxation; Comptroller of the Treasury

10 Maryland Association of Realtors

11 Maryland State Archives; Maryland Association of Counties



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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.

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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.

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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.

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Force Main	(Also referred to as FM) The discharge pipe from a wastewater pumping station through which flow is lifted under pressure to a higher elevation. A pipe of this type is used to overcome changes in topography by conveying flow over a ridge or other high point to a nearby, existing sewer line. This avoids the need to construct a longer conventional gravity line in another direction.
Fringe Benefits	Contributions made by WSSC Water to help underwrite the agency's share of the costs for Social Security and various pension, health, and life insurance plans provided to employees. Fringe benefits are centrally budgeted in non-departmental accounts.
Front Foot Benefit Charge	(Also referred to as FFB or FFBC) A charge assessed owners of property abutting WSSC Water's water mains and/or sewers who derive a benefit from the construction of these water mains and sewers. Revenue from front foot benefit charges is used to pay debt service on General Construction Bonds.
Fund	A set of interrelated accounts to record revenues and expenditures associated with implementing specific activities or achieving certain objectives in accordance with special regulations, restrictions, or limitations, and constituting an independent fiscal and accounting entity.
Fund Balance	The amount by which resources exceed the obligations of the fund. The beginning fund balance represents the residual funds brought forward from the previous fiscal year (ending fund balance). Fund balance is also referred to as Accumulated Net Revenue in this document.
General Bond Debt Service Fund	(Also referred to as GBDS) An independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities associated with paying the debt service on bonds issued to finance WSSC Water's general construction and administrative and support facility construction program; and for administering the agency's front foot benefit assessment activities.
General Construction Bond Fund	An independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities associated with carrying out the activities of designing and constructing WSSC Water's minor water supply and wastewater collection and disposal systems (water mains less than 16" in diameter and sewer mains less than 15" in diameter), and all administrative and support facilities. Water meters are also purchased from this fund.

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Geographic Information System	(Also referred to as GIS) A system that integrates hardware, software, and data for capturing, storing, managing, analyzing, and displaying all forms of geographically referenced information. The technology can be used for scientific investigation, resource management, and development planning.
Goal	A long-term, attainable target for an organization – its vision of the future.
Green Bond	Bond instrument whose proceeds are exclusively applied to projects such as green buildings, pollution prevention and control, renewable energy, water quality, and climate change adaptation.
Haloacetic Acids	(Also referred to as HAAs) A group of chemicals that are formed when chlorine or other disinfectants used to control contaminants in drinking water react with naturally occurring organic and inorganic matter in the water. Five haloacetic acids (referred to as HAA5) that are regulated by the EPA: monochloroacetic acid, dichloroacetic acid, trichloroacetic acid, monobromoacetic acid, and dibromoacetic acid.
House Connection Charge	(Also referred to as H/C Charge) A fee set annually by WSSC Water to cover the cost of the installation of small diameter pipe between water and sewer mains and the owner's property line. House connections feed water to a dwelling, place of business, or other structure and convey domestic sewage into the main line sewer for transportation to a wastewater treatment facility.
Infiltration	Groundwater that flows into sewer lines due to defective pipes or manholes.
Inflow	Surface stormwater from rainfall that flows into sewer lines due to defective pipes or manholes.
Information Only Projects	The CIP document contains an Information Only Projects section. Projects in this section are not required to be in the CIP under Section 23-301 of the Public Utilities Article, WSSD Laws, Annotated Code of Maryland, but may be included for any number of reasons such as: fiscal planning purposes; the reader's improved understanding of the full scope of a specific set of projects; or in response to requests from County governments. Expenditures for Information Only projects are not included as part of the CIP six-year program costs but are shown separately on the bottom line of the financial summary in the front section of the CIP for informational purposes.
Infrastructure Investment Fees	(Also referred to as IIF) A fixed fee that funds a portion of the debt service associated with WSSC Water's water and sewer pipe reconstruction programs.

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Justice40

Federal program to invest in climate change, clean energy and energy affordable and sustainable housing, training and workforce development, remediation and reduction of legacy pollution, and the development of critical clean water and wastewater infrastructure efficiency, clean transit, affordable and sustainable housing, training and workforce development, remediation and reduction of legacy pollution, and the development of critical clean water and wastewater infrastructure in disadvantaged communities.

Lead and Copper Rule

(Also referred to as LCR) A rule established by the U.S. Environmental Protection Agency (EPA) in 1992 to control lead and copper in drinking water.

Lead and Copper Rule
Improvements

(Also referred to as LCRI) A revision to the LCR, LCRI was established by the EPA in 2024 requiring drinking water systems across the country to identify and replace lead pipes within 10 years. The LCRI also require more rigorous testing of drinking water and a lower threshold requiring communities to take action to protect people from lead exposure in water. In addition, the final rule improves communication within communities so that families are better informed about the risk of lead in drinking water, the location of lead pipes, and plans for replacing them.

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.

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Maximum Contaminant Levels	(Also referred to as MCLs) Legally enforceable standards set by the EPA for the highest allowable concentration of specific contaminants in public drinking water, designed to protect public health by preventing risks from harmful substances like lead, arsenic, and emerging PFAS chemicals.
Megatrends	Large-scale issues impacting water utilities across the globe.
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.
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.

APPENDIX B - GLOSSARY

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.
Per- and Polyfluoroalkyl substances	(Also referred to as PFAS) A large group of humanmade chemicals used to make products resistant to heat, oil, stains and water. PFAS chemicals are widely used and long lasting, components of which break down very slowly over time. PFAS are found in water, air, fish and soil at locations across the nation and the globe. Scientific studies have shown that exposure to PFAS in the environment may be linked to harmful health effects in humans and animals. In April 2024, the EPA finalized the first national drinking water standards for PFAS.
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.
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.

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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.
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.

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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.
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.

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Smart One Water	Water management that considers all water resources, including drinking water, stormwater, wastewater and other types as interconnected in one water cycle.
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.
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.

APPENDIX B - GLOSSARY

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.
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.

APPENDIX B - GLOSSARY

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

ADA	Americans with Disabilities Act	FOMC	Federal Open Market Committee
AFO	Acoustic Fiber Optic	FSE	Food Service Establishment
AL	Action level	FTE	Full Time Equivalent = Workyear
AMF	Account Maintenance Fee	FY	Fiscal Year
AMI	Advanced Metering Infrastructure	GAAP	Generally Accepted Accounting Principles
AWWA	American Water Works Association	GAL	Gallon
BBK	Basement backup	GFOA	Government Finance Officers Association
BGE	Baltimore Gas & Electric Company	GIS	Geographic Information System
C2M	Customer-to-Meter	GPD	Gallons per Day
CAP	Customer Assistance Program	GPS	Global Positioning System
CEO	Chief Executive Officer	GRR	Galvanized Requiring Replacement
CLF	Consolidated Lab Facility	HAA	Haloacetic Acid
CIP	Capital Improvements Program	H/C	House Connection
CIU	Categorical Industrial User	HVAC	Heating, ventilating & air conditioning
COOP	Continuity of Operations Plans	ICPRB	Interstate Commission on the Potomac River Basin
CPI-W	Consumer Price Index for Urban Wage Earners & Clerical Workers	I&I	Infiltration and Inflow
CSO	Combined Sewer Overflows	IIF	Infrastructure Investment Fee
DC Water	District of Columbia Water and Sewer Authority	IMA	Blue Plains Intermunicipal Agreement
DRP-DR	Developer Relocation/Rehabilitation Review	IT	Information Technology
DSCR	Debt Service Coverage Ratio	JEDI	Justice, Equity, Diversity & Environmental Justice
DSD	Development Services Division	LCR	Lead and Copper Rule
DWRLF	Drinking Water Revolving Loan Fund	LCRI	Lead and Copper Rule Improvements
E&C	Engineering & Construction Department	LSL	Lead Service Line
EBS	E-Business Suite	M	Million
EGIS	Enterprise Geographic Information System	MBE	Minority Business Enterprise
EJ	Environmental Justice	MCL	Maximum Contaminant Level
EOP	Emergency Operations Plans	MDE	Maryland Department of the Environment
EPA	Environmental Protection Agency	MGD	Million Gallons per Day
ESA	Environmentally Sensitive Area	M-NCPPC	Maryland-National Capital Park and Planning Commission
EUM	Effective Utility Management	MOU	Memorandum of Understanding
FEMA	Federal Emergency Management Agency	MVR	Meter, Vertical Turbine
FFBC	Front Foot Benefit Charge	M/WBE	Minority/Women Business Enterprise Program
FICA	Social Security & Medicare	MWCOG	Metropolitan Washington Council of Governments
FM	Force Main		
FOG	Fats, Oils, and Grease		

APPENDIX C - ACRONYMS

MWIFA	Maryland Water Infrastructure Financing Administration	WFP	Water Filtration Plant
NO-DES	Neutral Output Discharge Elimination System	WQRLF	Water Quality Revolving Loan Fund
NTU	Nephelometric Turbidity Units	WRRF	Water Resource Recovery Facilities
O&M	Operations and maintenance	WSSC	Washington Suburban Sanitary Commission
OGA	Organizational gap assessment	WSSD	Washington Suburban Sanitary District
OHEP	Maryland Office of Home Energy Programs	WWPS	Wastewater Pumping Station
OIG	Office of the Inspector General	WWTP	Wastewater Treatment Plant
OPEB	Other Post-Employment Benefits		
OSHA	Occupational Safety & Health Administration		
OSDI	Office of Supplier Diversity & Inclusion		
PAYGO	“Pay-As-You-GO” Financing		
PCCP	Pre-stressed Concrete Cylinder Pipe		
PEPCO	Potomac Electric Power Company		
PFAS	Per- and Polyfluoroalkyl substances		
PPB	Parts per billion		
QTR	Quarter		
REDO	Reconstruction Debt Service Offset		
RESJ	Racial Equity and Social Justice		
RGH	Support Center, Laurel, MD		
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		
SOAR	Strengths, Opportunities, Aspirations and Results		
SPDT	Strategic Plan Development Team		
SRF	State Revolving Fund		
SSes	Sewer System Evaluation Survey		
SSO	Sanitary Sewer Overflow		
THM	Trihalomethanes		
TL	Trigger level		
TMDL	Total Maximum Daily Load		
UWMP	Utility Wide Master Plan		



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