



THE PRINCE GEORGE'S COUNTY GOVERNMENT

(301) 952-3700

APR 11 2018

MEMORANDUM

County Council

TO: Todd M. Turner, Chair
Transportation, Housing and Environment Committee

FROM: Canjor D. Reed, Sr. Auditor *CDR*
Office of Audits and Investigations

THRU: Robert J. Williams *R.J.W.*
Council Administrator

RE: **WSSC FY 2019 Operating Budget**

This report contains a detailed summary of the Washington Suburban Sanitary Commission (WSSC) FY 2019 Proposed Operating Budget, including an overview of revenues and expenditures, updates and highlights of projects, discussion points of key performance indicators, staff's recommendation to Council for consideration and attachments with supporting documents. The purpose of this report is to provide Prince Georges County Councilmembers and the Transportation, Housing, and Environment (THE) Committee with sufficient information in order to support a recommendation offered by the bi-county committee to allow WSSC to specify a rate increase which will be applicable to both Prince George's County as well as Montgomery County system demands. This report is the result of collaboration amongst the County staff represented by the Office of the County Executive, Office of Finance, and Audits and Investigations along with the management of WSSC.

I. Overview of WSSC Operating Budget

A. Total Proposed Budget (all funds) (Attachment 1 – Comparative Expenditure by Fund)

The FY 2019 Operating Budget of \$781.6 million represents an increase of \$40.34 million or 5.4% over the FY 2018 budget of \$741.2 million. Debt service, which increased by \$23.1 million is the primary driver as the Commission continues to make significant capital investments in its' aging infrastructure. This is evident from the fact that debt service for WSSC's extensive capital program is the single largest expenditure in the Operating Budget. Although the number of customer accounts has increased, revenue is not increasing as water production continues to remain flat.

B. Fund and Fee Structure (Attachment 1 – Comparative Expenditure by Fund)

The proposed FY 2019 Water Operating Fund is \$340.1 million, increasing by approximately \$19.1 million (5.9%); the Sewer Operating Fund is \$422.6 million, increasing by approximately \$18.3 million (4.5%); and the General Bond Debt Service Fund is \$18.9 million, increasing by approximately \$3.0 million (19%). These comparisons are being made to the FY 2018 Approved Operating Budget. The Proposed FY 2019 Water and Sewer Operating Budget provides for a 4.5% average water and sewer rate increase which is lower than the WSSC preliminary proposed Budget of 5.0%.

- The Infrastructure Investment and the Account Maintenance fees also remain a part of the Commission's bill to customers for FY 2019.
 - The Infrastructure Investment Fee is a dedicated, predictable and transparent funding source for the Commission's large and small diameter water and sewer pipe reconstruction program.
 - The Account Maintenance fee recoups servicing costs associated with the maintenance of customers' accounts.
- The impact on an average monthly bill for a residential customer using 143 gallons per day will be \$2.04 per month or \$6.12 per quarter. The annual impact is \$24.48.

C. Debt Service (Attachment 2A – Comparative Expenditures by Major Expense Category) and Attachment 2B - FY 2019 Proposed Budget by Major Expense Category)

Debt service accounts for \$294.3 million (37.7%) of the overall operating budget. Water and Sewer debt service comprises 94.1% of this debt, while the remaining 5.9% is debt service on general construction bonds, which is separate and apart from the water and sewer operating funds and does not impact the water and sewer rates. Expenditures in the General Bond Debt Service Fund are almost entirely debt service.

D. Salaries and Wages (Attachment 2A– Comparative Expenditures by Major Expense Category) and Attachment 2B - FY 2019 Proposed Budget by Major Expense Category)

Salary and wages represents 16.4% of gross operating cost, and show no significant increase from the Adopted Budget of FY 2018. WSSC has allocated \$5.4 million in salary enhancements for FY 2019; both Prince Georges and Montgomery Counties will determine how the salary enhancements should be applied. In the proposed budget, \$4.3 million of the total salary enhancement request is rate supported. The FY 2019 proposed WSSC budget for compensation includes funding for flexible worker increases, IT bonuses, merits and a 2% COLA for its Union and Non-Union employees.

Operating reductions of \$17 million were made to departments in FY 2018 and no new positions have been created since the FY 2017 budget. Any new positions in the FY 2019 budget will come from existing vacancies.

E. Revenues (Attachment 3A - FY 2018 – FY 2019 Summary of Revenues and Expenses and Attachment 3B – FY 2019 Proposed Budget Operating)

The primary sources of revenue supporting the operating budget come from the water and sewer use rates (Water and Sewer Operating Funds) and the General Bond Debt Service Fund. The FY 2019 proposed total revenues are \$778.5 million. WSSC proposes to use \$267.2 million (34.2%) in the category of operations and maintenance and \$294.3 million (37.7%) for debt service in FY 2019.

- Water and Sewer Operating Funds (Attachment 4 – Combined Water/Sewer Operating Fund – FY 2019)

It is projected in the FY 2019 operating budget that \$627.9 million in revenues (excluding offsets and use of fund balance) shall come from water and sewer consumption charges. Revenues are assumed based on a water production level of 164 MGD, the same as was included in the FY 2018 Approved Budget. In FY 2016, 166 MGD was included in the approved budget; however, the actual water production was 164.2 MGD. Each year WSSC projects the amount of water it will produce the coming budget year. It does so in terms of millions of gallons of water produced per day (mgd) from its two water treatment plants. WSSC's current projection for FY 2017 is 164.0 mgd; the same as the approved level. The Commission has continued to be very conservative on its water production projections. WSSC has proposed a water production level of 164 mgd for FY 2019.

WSSC ended FY 2016 with \$86.8 million fund balance in the Water and Sewer Operating Funds. WSSC ended FY 2017 with \$120.1 million in fund balance for the Water and Sewer Operating Funds (not including the \$68.4 million in the operating reserve). WSSC projects the FY 2018 fund balance for water and sewer at \$108.5 million (excluding the reserve). The FY 2018 Budget proposed \$11.1 million of fund balance for the IT Strategic Plan. There was no contribution in FY 2018 to maintain the reserve at 10% of water and sewer rate revenues. The FY 2019 Water and Sewer Fund Balance is projected to be \$165.4 million. This number includes the working capital reserve on \$73.5 million.

Table I: Operating Fund Summary at 4.5%

<i>Funding Source</i>	<i>FY 2019 Proposed</i>
<i>Revenues at Current Rates</i>	
Consumption Charges	\$600,902
Account Maintenance Fee	32,182
Infrastructure Investment Fee	38,894
Miscellaneous Revenues	36,230
Reconstruction Debt Fee	12,500
SDC Debt Service Offset	3,364
Use of Fund Balance	11,580
Total Funding	\$735,652
<i>Funding Requirements</i>	
Operating, Maintenance & Support Services	\$454,616
Debt Service	277,061
PAYGO	31,016
Total Requirements	\$762,693
Short Fall to be Covered by Rate Increase	(\$27,041)

Table I I: Water Production Analysis

<i>Fiscal Year</i>	<i>Difference btw. Budget vs. Actual (MGD)</i>	<i>Rate Increase</i>	<i>Number of Customer Accounts</i>	<i>Customer Accounts Percent Change</i>	<i>Water and Sewer Rate Revenues (in millions of dollars)</i>	<i>Water and Sewer Rate Revenues Percent Change</i>
2009		8.00%	433,579		\$378.40	
2010	1.3	9.00%	434,773	0.27%	\$412.40	8.24%
2011	5	8.50%	438,193	0.78%	\$460.50	10.45%
2012	-4.3	8.50%	439,805	0.37%	\$482.10	4.48%
2013	-3.5	7.50%	441,480	0.38%	\$500.80	3.73%
2014	-7.4	7.25%	443,827	0.53%	\$537.30	6.79%
2015	-3.1	5.50%	445,385	0.35%	\$562.40	4.46%
2016	-2	1.00%	448,061	0.60%	\$543.10	-3.55%
2017	-0.9	3.00%	451,904	0.85%	\$599.50	9.41%
2018	0	3.50%	456,061	0.91%	\$600.90	0.23%
2019		4.50%	459,404	0.73%	\$627.90	4.30%

- Account Maintenance Fee (Attachment 5)

The account maintenance fee is expected to generate \$32.2 million in FY 2019 as compared to \$32.1 million in FY 2018.

- Infrastructure Investment Fee (Attachment 6)

The Infrastructure Investment fee is expected to generate approximately \$38.9 in FY 2019 as compared to \$38.8 million in FY 2018.

- Miscellaneous Fees and Charges (Attachment 7) Proposed Changes

WSSC has conducted a comprehensive review of fees and charges and have proposed various changes to align service costs with the fees charged. It should be noted that the Construction Service Fee has changed from 12% on the construction bond (less Design Review) to 9.3% of the WSSC unit cost estimate (or 12% of the construction bid estimate).

Also note that the small detector meter are now listed separately under Detector Check Meters on the Account Maintenance Fee Schedule; however, there's no change in the \$16 fee. Small detectors check meters were previously included with small meters.

- Other Revenues

Other revenues include the Reconstruction Debt Service Offset (REDO). This was established in FY 1983 and uses surplus funds in the General Bond Debt Service account to offset a portion of the debt service costs of the Systems Reconstruction Program, thereby benefiting all ratepayers. The Offset, a transfer of funds from the General Bond Debt Service to the Water and Sewer Operating Funds, is set at \$7.7 million in FY 2018, a decrease of \$2.1 million from the FY 2017 approved amount. The REDO for FY 2019 is proposed at \$12.5 million. When the unallocated balance in the General Bond Debt Service Fund is exhausted, the associated expenses will have to be incorporated into the rate structure.

F. Expenditures (Attachment 3A - FY 2018 – FY 2019 Summary of Revenues and Expenses)

Table III: 10-Year Trend Analysis of WSSC Expenditures

Summary of Key Expenditures (\$,000)					
Fiscal Year	Debt Service	Salary and Wages	Regional Sewage Disposal	Heat, Light and Power	All Other
2008	\$ 212,364	\$ 85,221	\$ 42,384	\$ 23,025	\$ 145,128
2009	214,008	87,879	44,767	26,315	158,222
2010	217,123	89,380	47,013	28,187	156,251
2011	239,063	89,978	46,208	28,599	168,716
2012	223,010	89,144	49,483	24,658	180,689
2013	277,631	93,502	49,226	22,979	189,474
2014	249,067	95,986	44,631	24,443	199,996
2015	248,022	100,722	54,485	24,229	226,848
2016	228,472	104,753	50,068	22,000	240,746
2017	250,745	109,747	53,946	22,099	253,853
2018	271,216	120,919	53,617	22,028	273,456

G. Spending Affordability (Attachment 8A - WSSC Rate Schedule at 4.5% Proposed Increase and Attachment 8B – Annual Customer Bills at Various Consumption Levels)

In October of 2017, staff of Prince George's and Montgomery Counties, met with staff of the WSSC to discuss the spending affordability limits for FY 2019. The rehabilitation and maintenance of buried assets continued to be the area that required the most resources.

WSSC originally recommended a water and sewer rate increase of 6.2% as part of the FY 2019 Spending Affordability Guideline process. In order to reconcile the Commission's plans for FY 2019 service programs with the Counties guidelines, it was necessary to make reductions in existing programs during the FY 2018 budget process and defer the implementation of several initiatives to improve customer service and system reliability.

- Implementing a system wide hydrant flushing system as a preventive

maintenance practice

- Testing all 43,000 fire hydrants on a ten year cycle
- Expanding of the lead detection program to identify leak locations and provide proactive repairs
- Accelerating large diameter water valve inspections from a four year to a three year cycle.

Both Councils agreed to a FY 2018 spending affordability limit recommendation of 4.5% with an average impact of \$6.12 per quarter; The FY 2018 adopted budget rate increase submitted was 3.5% with an average impact of \$1.52 per month or \$4.56 per quarter for a customer using 143 gallons per day.

Table IV: FY 2019 Spending Affordability Summary

	FY 2019 Proposed Budget (\$,000)	Percent Change from FY 2018
<i>Spending Affordability Guidelines</i>		
Rate Increase	4.50%	
New Debt	\$ 486.80	-6.90%
Debt Service	\$ 277.10	7.80%
Total Water & Sewer Operating Expense	\$ 763.00	5.10%
<i>Residential Customer Impact (monthly)</i>		
Usage of 100 gallons per day	\$ 1.43	3.50%
Usage of 143 gallons per day	\$ 2.04	3.75%
Usage of 160 gallons per day	\$ 2.53	3.78%

II. Updates and Highlights

A. Summary of Key Provisions of the FY 2019 Proposed Budget

- Testing and delivering 164.0 million gallons per day (MGD) of water to over 459,000 customer accounts in a manner that meets or exceeds the Safe Drinking Water Act standards
- Treating 201.4 MGD of wastewater and responsibly managing up to 1,000 tons of bio-solids per day in a manner that meets or exceeds federal and state permit requirements and regulations
- Operating and maintaining a system of three (3) water reservoirs impounding 14 billion gallons of water, two (2) water filtration plants, six (6) wastewater treatment plants, five thousand seven hundred (5,700) miles of water main and five thousand five hundred (5,500) miles of sewer main 24 hours a day, 7 days a week
- Complying with the Sanitary Sewer Overflow and the Potomac Plant Consent Decree Orders
- Funding the replacement of forty-five (45) miles of water main and forty-one (41) miles of sewer mains and lateral lines
- Paying debt service of \$294.3 million of which \$277.1 million is in the water and sewer operating funds
- Funding of \$46.5 million is included for large diameter pipe rehabilitation. This includes \$25.0 million for PCCP inspection, repair, and acoustic fiber optic monitoring of the pipes' condition; \$18.7 million for large diameter repairs and cathodic protection; and \$2.8 million for large valve inspections, replacement and repairs
- Paying WSSC's share of the cost of operating the District of Columbia Water and Sewer Authority's Blue Plains Wastewater Treatment Plant
- Funding Customer Assistance Program (CAP) with revenue offset of \$888,000
- Maintaining an operating reserve of 10% of water and sewer rate revenues
- Providing maintenance services at a level consistent with the objective of responding to the customer within 2 hours and restoring service within 24 hours
- Answering 100% of all customer billing calls received
- Maintaining and fueling 970 vehicles, maintaining approx. 770 pieces of large field equipment and operating 6 repair facilities

- Funding employee salary enhancements in a manner coordinated with the Counties and continuing other benefits.

B. WSSC Information Technology Strategic Plan - Development Implementation

WSSC's IT Strategic Plan is in the process of being revised as the Commission focuses its efforts on the implementation of Project Cornerstone, a multi-year technological and organizational improvement initiative centered around the implementation of multiple Oracle Utilities Technologies. Through Project Cornerstone, WSSC will change the way its business is supported and operated. The project will also enable WSSC's other strategic initiatives. Project Cornerstone is implementing three new technologies:

- Oracle Utilities Customer to Meter (C2M)
- Oracle Utilities Mobile Workforce Management (MWM)
- Oracle Utilities Work and Asset Management, (WAM)

These new technologies will replace all, or part of, the following systems used by WSSC:

- C2M will replace WSSC's Customer Service and Information System, CSIS
- MWM will replace WSSC's Customer Connect/Field Service System
- WAM will replace certain functions of MMIS and TEAMS for tracking Assets, Service Requests, Work Orders, Inspections, and Patch Tickets

C. Customer Affordability Program (CAP)

WSSC continues to face challenges of balancing increasing costs for infrastructure and operations with affordability factors for its customers. WSSC's Customer Assistance Program (CAP) was created in FY 2016 to help economically disadvantaged customers by providing financial assistance with water and sewer bills. The CAP benefits as many as 9,000 customers with \$888,000 in revenue offsets. WSSC plans to continue this vital program in FY 2019. WSSC is currently working with a consultant to enhance and improve the assistance program.

Table V: CAP Budget and Enrollee Participation

Fiscal Year	Projected CAP Benefit	Projected Enrollees	Actual CAP Benefit	Actual Enrollees
2016	\$ 1,700,000	15,179	\$ 499,192	7,093
2017	\$ 1,334,000	11,911	\$ 530,141	7,697
2018	\$ 888,000	7,929		
2019	\$ 888,000	7,929		

The customer enrollee estimates used to project revenue losses were based on the average number of Prince George's and Montgomery County households receiving energy assistance over a five-year period. The challenge is matching WSSC accounts with residential customers enrolled in Maryland's Office of Home Energy Program and providing credits to tenants in multi-unit homes. The Customer Assistance Program steering committee is working on the details on how to provide credits to tenants in multi-unit homes.

D. Proposed Rate Structure Impact and Summary of Proposal

In September 2016, the Maryland Public Service Commission (PSC) issued an order concluding that WSSC's volumetric rate structure is "... unduly discriminate among classes of customers, and as such is unreasonable". An additional ruling by the PSC has reiterated that WSSC's rate structure is unreasonable. According to a 2014 report, commissioned by WSSC, it was determined that the inclining block structure based on retroactively charging for all gallons used at the highest tier reached is unusual. With WSSC having 16 tiers, consumers can cross into a higher tier on the last billing day of the billing cycle and will be billed for all of the previous usage within that cycle at the higher rate. As a result of this rate structure strategy, WSSC has noted the following:

- WSSC consumers may experience large fluctuations in their water bills if their average daily consumption per quarter varies.
- The movement between tiers causes fluctuations and can cause revenue unpredictability from quarter to quarter.
- Water consumption has declined over the last 20 years, which has caused a decline in WSSC's revenue, even as customers are added to their billing base.
- Large households and commercial ratepayers are subsidizing the rest of the ratepayer base, because the rates paid by large consumers are within the higher tiers as compared to the small commercial ratepayers and small households.

WSSC recommends that the Counties consider adopting an alternate rate structure. WSSC has proposed three different rate structure strategies for review by the Counties. At this time, no decision has been made by either County on the recommendations.

III. FY 2019 Performance Indicators

A. Water and Sewer Rates

A rate increase of 4.5% is being proposed for FY 2019 for a total increase of \$2.04 per month for a customer using 143 gallons per day. Staff recommends a combined 4.5% water and sewer rate increase in FY 2019.

Table VI: Comparison of Annual Adopted Water and Sewer Rate Increases

Water and Sewer Rate			
Fiscal Year	Adopted Rate Increase	Prince George's County SAG	Montgomery County SAG
2008	6.50%	5.30%	5.30%
2009	8.00%	8.00%	9.70%
2010	9.00%	6.00%	9.50%
2011	8.50%	8.00%	9.90%
2012	8.50%	8.00%	9.90%
2013	7.50%	8.50%	8.50%
2014	7.25%	7.50%	8.00%
2015	5.50%	6.00%	6.00%
2016	1.00%	2.10%	2.10%
2017	3.00%	3.50%	3.50%
2018	3.50%	3.50%	3.50%

B. Billing Factor

The billing factor is the revenue received for every 1,000 gallons of water produced. Total water produced does not equate to total water billed (and subsequent revenue). Therefore, in a given year, if the Commission collects revenue for a higher percentage of total water produced, the billing factor increases. Water and sewer revenue depends not only on the water produced and ultimately consumed, but also on the average billing rate.

Table VII: Comparison of Annual Billing Factor

WSSC Annual Billing Factors	
Fiscal Year	Billing Factor
2016	\$ 9.04
2017	\$ 9.67
2018	\$ 10.04
2019	\$ 10.49

C. Work Years

For FY 2019, WSSC is not adding any additional positions. Staff complement will remain at 1,776 positions. During FY 2011, WSSC expanded its System Enhancement Unit (SEU) due to concerns that staffing levels were not adequate to handle peak repair demand in a timely manner and water main replacement projects. The SEU complement was doubled and the number of in-house miles of water main replacement increased from 6 to 12. The expansion costs were assumed to be neutral as SEU staff performed work in lieu of outside contractors. The additional staff would handle peak repair demand without incurring ongoing operating costs. Based on recent analysis, the in-house SEU process has proven to be less cost-effective than outsourcing water main replacement. Therefore, over the next two years, SEU will be reduced to two crews that will perform 2 miles of water main replacement annually.

Table VIII: Comparison of Annual Work Years

Work Year Annual Data		
Fiscal Year	Total Work Years	Number of Work Years Added
2010	1,561	6
2011	1,632	71
2012	1,681	49
2013	1,693	12
2014	1,717	24
2015	1,729	12
2016	1,747	15
2017	1,776	29
2018	1,776	-
2019	1,776	-

D. Fund Balance

	Total
Water & Sewer Operating Fund Balance 07/01/2017	\$ 188,513,000
Less Working Capital Reserve 6/30/2017	(68,424,000)
FY'17 Year-end Unallocated Fund Balance	\$ 120,089,000
IT Strategic Plan	(11,080,000)
Strategic Energy Plan Implementation (5-Year FY16 A&R)	(300,000)
Climate Change Vulnerability Assessment (5-Year FY16 A&R)	(200,000)
Unallocated Reserve (end of FY'18)	\$ 108,509,000
IT Strategic Plan	(11,080,000)
Strategic Energy Plan Implementation (5-Year FY16 A&R)	(300,000)
Climate Change Vulnerability Assessment (5-Year FY16 A&R)	(200,000)
Additional Reserve to maintain 10% revenues	(5,100,861)
Unallocated Reserve (end of FY'19)	\$ 91,828,139
FY'20 Climate Change Vulnerability Assessment (A&R) - final year	(100,000)
FY'20 Strategic Energy Plan Implementation (A&R) - final year	(200,000)
FY'20-'21 Use of Fund Balance AMI/C2M	(15,500,000)
FY'20-'21 Implementation of Asset Management recommendations for support facilities	(18,500,000)
FY'20-'22 Other IT Implementations	(12,000,000)
FY'20-'24 Increase in Operating Reserves (to maintain 10% of budgeted W&S revenues)	(14,229,689)
Unallocated Reserve	\$ 31,298,450
Working Capital Reserve 6/30/19 (10% of budgeted revenue)	\$ 73,524,861

As shown above, WSSC projects that it will have an excess fund balance of \$31.3 million as of July 1, 2019, over and above the operating reserve of \$73.5 million.

E. System Development Charge (Attachment 9A- System Development Charge Account and Attachment 9B FY 2017 Eligible Expenditures)

For the period July 1, 2016 to June 30, 2017 (FY 2017), a total of \$29.1 million in SDC revenue and interest was collected. The amount of \$2.6 million was transferred to the Water and Sewer Operating Funds for debt service payments due in FY 2017 for the debt incurred in FY 1998 and FY 2016 to fund growth costs. The amount of \$11.3 million was transferred to the Water Supply Bond Fund and \$25.4 million was transferred to the Sewage Disposal Bond Fund to

fund SDC eligible projects on a pay-as-you-go (PAYGO) basis during the fiscal year. The amount of \$5.5 million was allocated for reimbursements and uncollected charges. The available account balance at the end of the period is \$15.3 million.

In FY 2018 the SDC account balance and revenue collections will be dedicated to repay the annual debt service payments for debt issued to fund SDC eligible projects in FY 2016 and fund growth projects during the fiscal years on a PAYGO basis.

F. Water and Sewer Infrastructure Reliability

The state of WSSC infrastructure is a significant concern as the buried assets continue to age. On the water side, the budget proposes the rehabilitation of 45 miles of smaller water mains. This represents a reduction of 10 miles from the approved FY 2018 level of 55 miles and is based upon the prioritization and recommendations in the FY 2019 Enterprise Asset Management Plan. This budget also proposed increased funding for house connection renewals and the ongoing replacement of large water service meters and associated vaults. For large diameter water mains, the Pre-Stressed Concrete Cylinder Pipe (PCCP) Program provides for the ongoing acoustic fiber optic (AFO) monitoring of 107 miles of pipes, inspection of 18 miles of PCCP, and repairs or replacement of large diameter pipes. Funding is also included for large valve inspection, replacement, and repairs as well as for the planning, design, and construction required for the implementation of short term operational and long term capital improvements at the Potomac Water Filtration Plant (WFP) to comply with the Potomac WFP Consent Decree. On the wastewater side, funding is provided for continued compliance with the consent decree which continues to be a major cost driver in both the operating and capital budgets.

G. Regulatory Compliance

For the past decade, the Environmental Protection Agency (EPA) has identified the elimination of Sanitary Sewer Overflows (SSOs) as a national priority initiative necessary to eliminate the adverse public health and environmental impacts associated with the discharge of raw sewage overflows. Enforcement actions against major municipalities across the country have resulted in consent decrees that dictate remedial action necessary to eliminate future SSOs.

H. Cost Saving Measures

WSSC's Supply Chain Management Transformation project, supported by the Commission and both Counties since FY 2013, has produced significant cost reductions in excess of \$33 million in the operating and capital budgets and cost avoidance savings of more than \$43 million during the same period. During FY 2017, WSSC's efforts resulted in \$11.3 million in cost reductions and \$18.5 million in

cost avoidances over the term of the awarded contracts.

I. Minority Business Enterprise

WSSC has made a strong commitment to its relationships with minority- and women-owned businesses. The Commission's Office of Supplier Diversity & Inclusion is dedicated to creating an inclusive purchasing environment while building sustainable relationships, expanding opportunities, and cultivating growth of small, local and minority business enterprises which adds value to the Commission and community it serves.

FIGURE 6: FY 2017 SLBE TOTAL CONTRACT AWARDS

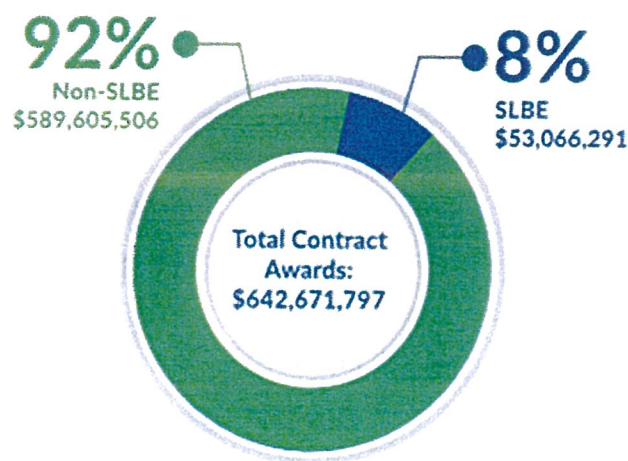


FIGURE 3: FY 2017 M/WBE TOTAL CONTRACT AWARDS

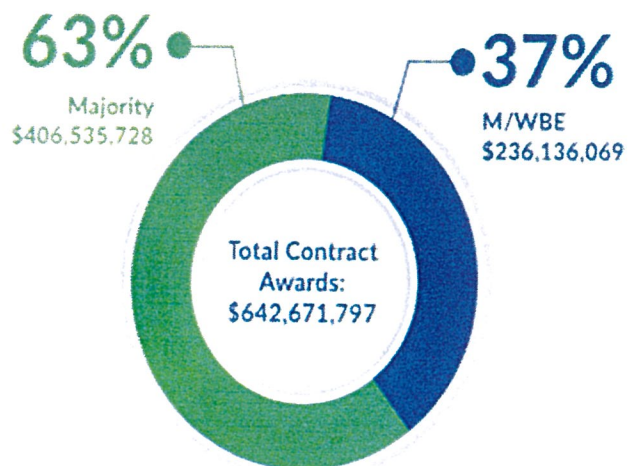


FIGURE 5: FY 2017 SLBE TOTAL CONTRACT PAYMENTS

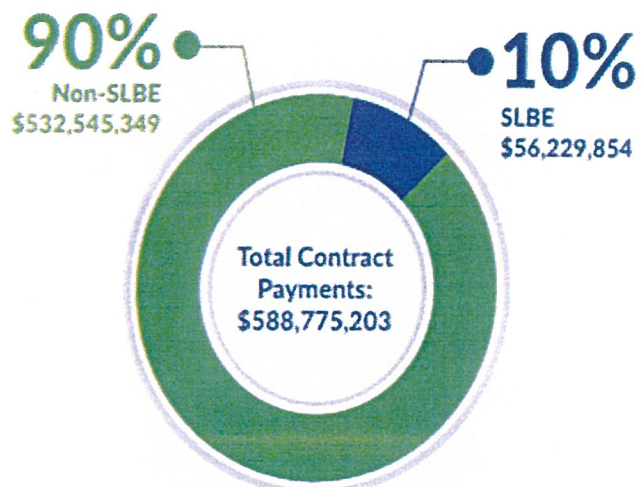
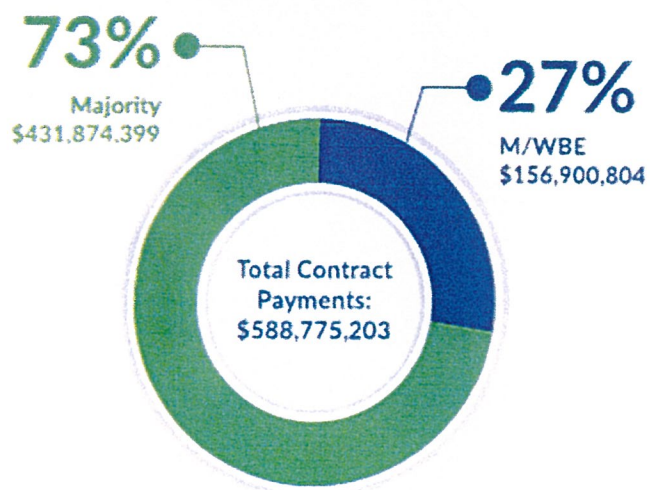


FIGURE 1: FY 2017 M/WBE TOTAL CONTRACT PAYMENTS



The abbreviation "M/WBE" includes women-owned business enterprises ("WBEs") as well as minority-owned firms that have obtained MBE certification as provided in SP/MBE 2017-004.

IV. Staff Recommendation

Concur with the WSSC Commission's proposal to increase combined water and sewer rates by 4.5% for FY 2019.

V. Attachments

- Attachment 1: Comparative Expenditures by Fund
- Attachment 2A: Comparative Expenditures by Major Expense Category
- Attachment 2B: FY 2019 Proposed Budget by Major Category (chart)
- Attachment 3A: FY 2018 – FY 2019 Summary of Revenue & Expenses
- Attachment 3B: FY 2019 Proposed Budget Operating
- Attachment 4: Combined Water/Sewer Operating Fund
- Attachment 5: Account Maintenance Fees Proposed for Implementation
- Attachment 6: Infrastructure Investment Fees
- Attachment 7: Miscellaneous Fees and Charges
- Attachment 8A: WSSC Water/Sewer Rate Schedules
- Attachment 8B: Annual Customer Bills at Various Consumption Levels
- Attachment 9A: System Development Charge Account
- Attachment 9B: FY 2017 Eligible Expenditures SDC
- Attachment 10: FY 2019 Proposed Budget - How Each Dollar is Spent

TABLE I

Comparative Expenditures by Fund

	FY'16 Actual	FY'17 Actual	FY'18 Approved	FY'19 Proposed	FY'19 Over / (Under) FY'18	% Change
Capital Funds						
Water Supply	\$ 249,907,950	\$ 263,568,816	\$ 342,444,918	\$ 306,478,722	\$ (35,966,196)	-10.5%
Sewage Disposal	387,241,984	280,632,043	323,054,156	328,890,176	5,836,020	1.8%
General Construction	13,048,998	12,783,881	20,010,242	20,957,052	946,810	4.7%
Total Capital	650,198,932	556,984,740	685,509,316	656,325,950	(29,183,366)	-4.3%
Operating Funds						
Water Operating	282,951,957	300,598,657	321,017,005	340,082,785	19,065,780	5.9%
Sewer Operating	343,235,028	374,234,124	404,331,357	422,609,826	18,278,469	4.5%
General Bond Debt Service	19,852,305	15,557,107	15,887,815	18,888,188	3,000,373	18.9%
Total Operating	646,039,290	690,389,888	741,236,177	781,580,799	40,344,622	5.4%
GRAND TOTAL	\$ 1,296,238,222	\$ 1,247,374,628	\$ 1,426,745,493	\$ 1,437,906,749	\$ 11,161,256	0.8%

TABLE II

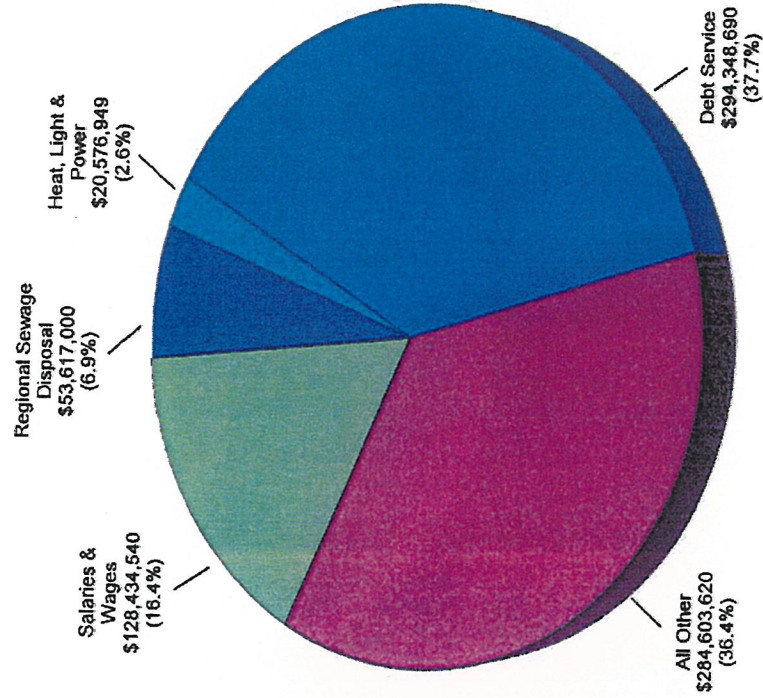
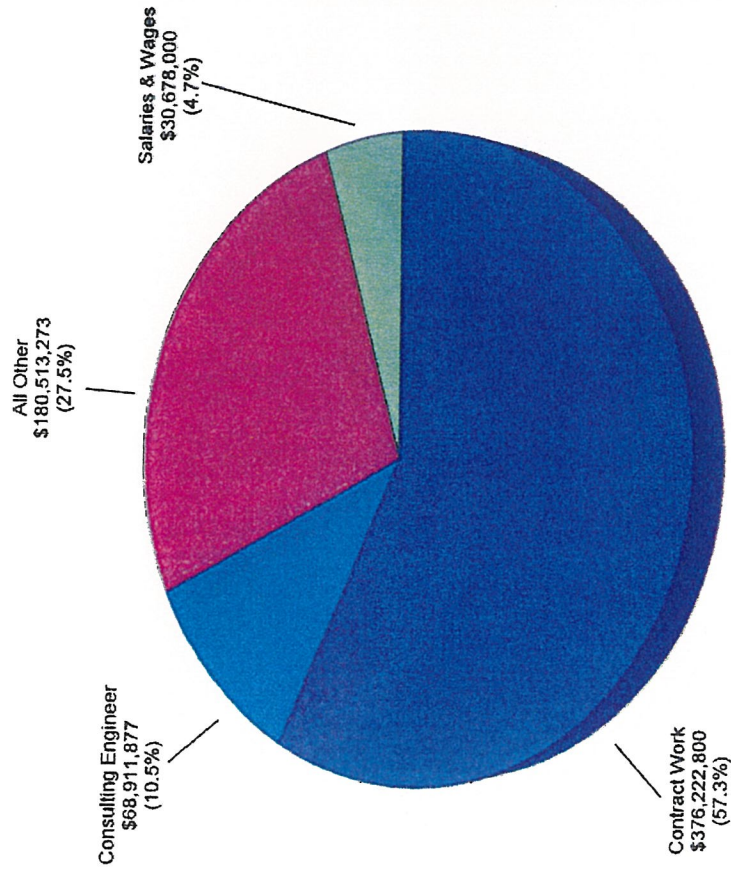
Comparative Expenditures by Major Expense Category
(\$ in Thousands)

Expense Categories	FY'17 Actual			FY'18 Approved			FY'19 Proposed		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Salaries & Wages	\$30,229	\$109,747	\$139,976	\$30,009	\$120,919	\$150,928	\$30,678	\$128,434	\$159,112
Heat, Light & Power	-	22,099	22,099	-	22,028	22,028	-	20,577	20,577
Regional Sewage Disposal	-	53,946	53,946	-	53,617	53,617	-	53,617	53,617
Contract Work	328,614	-	328,614	453,397	-	453,397	376,223	-	376,223
Consulting Engineers	53,763	-	53,763	57,814	-	57,814	68,912	-	68,912
All Other	144,379	253,853	398,232	144,289	273,456	417,745	180,513	284,604	465,117
Debt Service	-	250,745	250,745	-	271,216	271,216	-	294,349	294,349
TOTAL	\$556,985	\$690,390	\$1,247,375	\$685,509	\$741,236	\$1,426,745	\$656,326	\$781,581	\$1,437,907

FY 2019 PROPOSED BUDGET BY MAJOR EXPENSE CATEGORY

CAPITAL = \$656,325,950

OPERATING = \$781,580,799



GRAND TOTAL = \$1,437,906,749

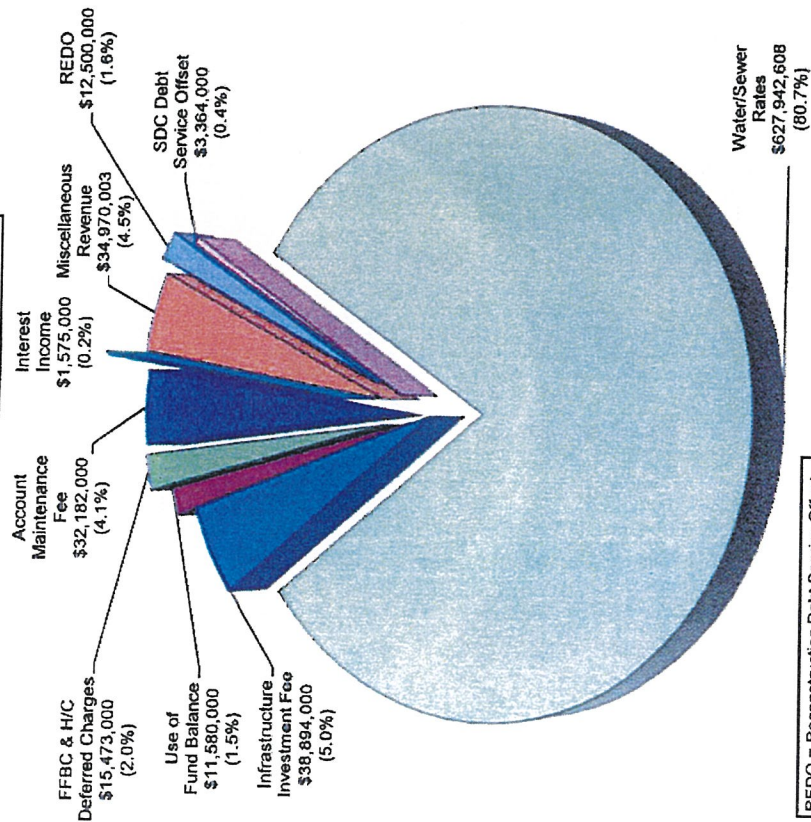
TABLE III

FY 2018 - FY 2019 Summary of Revenue & Expenses

	Water Operating Fund		Sewer Operating Fund		General Bond Debt Service Fund		Capital Funds	
	2018	2019	2018	2019	2018	2019	2018	2019
	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed
REVENUES								
Water Consumption Charges	\$ 267,080,000	\$ 273,316,145	\$		\$		\$	
Sewer Use Charges	-	-	333,822,000	354,626,463	-	-	-	-
Front Foot Benefit & House Connection Charges (Deferred)	-	-	-	-	18,852,000	15,473,000	-	-
Account Maintenance Fees	16,380,000	16,412,820	15,738,000	15,769,180	-	-	-	-
Infrastructure Investment Fee	19,796,560	19,835,940	19,019,440	19,058,060	-	-	-	-
Interest Income	100,000	100,000	600,000	1,400,000	20,000	75,000	-	-
Miscellaneous	17,660,445	18,090,000	15,871,917	16,640,003	240,000	240,000	-	-
Use of Fund Balance	-	-	-	-	-	-	-	-
Other	-	5,905,800	11,580,000	5,674,200	7,700,000	12,500,000	-	-
Reconstruction Debt Service Offset	-	4,000,000	7,700,000	8,500,000	(7,700,000)	(12,500,000)	-	-
SDC Debt Service Offset	-	-	-	-	-	-	-	-
Bonds & Cash	-	2,422,080	-	941,920	-	-	-	-
Anticipated Contributions:	-	-	-	-	-	-	-	-
Federal & State Grants	-	-	-	-	-	-	614,459,316	605,936,950
System Development Charge	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	10,780,000	6,122,000
	-	-	-	-	-	-	32,189,000	23,647,000
	-	-	-	-	-	-	28,081,000	20,620,000
TOTAL REVENUES	\$ 321,017,005	\$ 340,082,785	\$ 404,331,357	\$ 422,609,826	\$ 19,112,000	\$ 15,788,000	\$ 685,509,316	\$ 656,325,950
EXPENSES								
Salaries & Wages	\$ 64,169,215	\$ 68,672,298	\$ 56,106,695	\$ 59,229,223	\$ 643,475	\$ 533,019	\$ 30,008,906	\$ 30,678,000
Heat, Light & Power	11,760,491	10,641,982	10,254,440	9,934,967	13,330	-	-	-
Regional Sewage Disposal	-	-	53,617,000	53,617,000	-	-	-	-
Contract Work	-	-	-	-	-	-	453,397,029	376,222,800
Consulting Engineers	-	-	-	-	-	-	57,813,906	68,911,877
Contribution to Required Reserve	-	-	-	-	-	-	-	-
All Other	125,604,299	129,381,123	116,572,222	123,139,816	1,086,010	1,067,169	144,289,475	180,513,273
Debt Service	106,320,000	117,727,929	150,751,000	159,332,761	14,145,000	17,288,000	-	-
PAYGO	13,163,000	13,659,453	17,030,000	17,356,059	-	-	-	-
TOTAL EXPENSES	\$ 321,017,005	\$ 340,082,785	\$ 404,331,357	\$ 422,609,826	\$ 15,887,815	\$ 18,888,188	\$ 685,509,316	\$ 656,325,950
Net Increase (Decrease) in Fund Balance	-	-	-	-	3,224,185	(3,100,188)	-	-
Fund Balance - July 1	\$ 39,968,000	\$ 39,968,000	\$ 148,545,000	\$ 136,965,000	\$ 54,839,000	\$ 50,363,185	\$	\$
Net Increase (Decrease) in Fund Balance	-	-	-	-	3,224,185	(3,100,188)	-	-
Use of Fund Balance	-	(5,905,800)	(11,580,000)	(5,674,200)	(7,700,000)	(12,500,000)	-	-
Fund Balance - June 30	\$ 39,968,000	\$ 34,062,200	\$ 136,965,000	\$ 131,290,800	\$ 50,363,185	\$ 34,762,997	\$	\$

FY 2019 PROPOSED BUDGET OPERATING

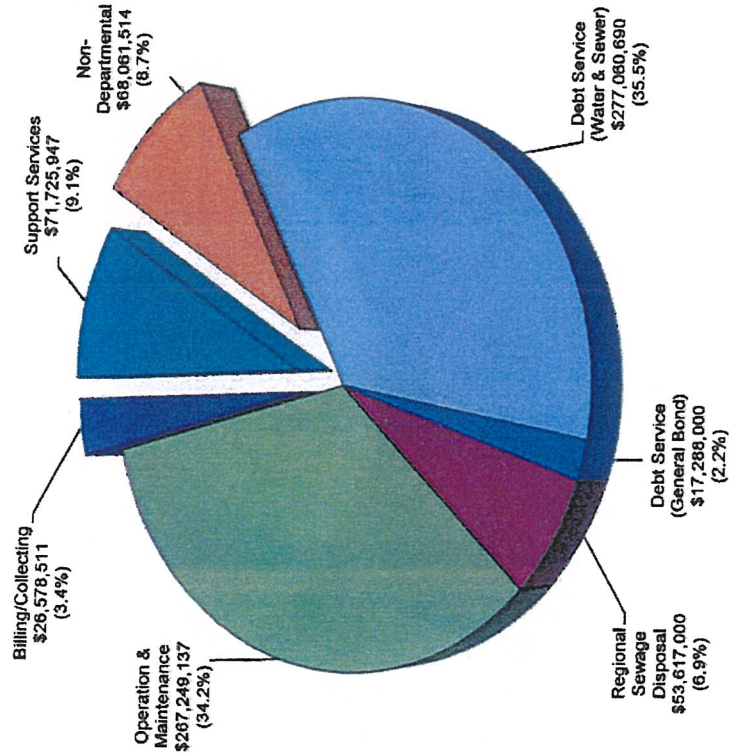
FUNDING SOURCES



REDO = Reconstruction Debt Service Offset
 SDC = System Development Charge
 H/C = House Connection
 FFBC = Front Foot Benefit Charge

TOTAL SOURCES = \$778,480,611

FUNDING USES



TOTAL USES = \$781,580,799

TABLE VI

Combined Water/Sewer Operating Funds - FY'19 Proposed Rate Impact
 (\$ in Thousands)

(4.5% AVERAGE RATE INCREASE PROPOSED FOR FY'19)	
<u>Funding Sources</u>	<u>FY'19 Proposed</u>
<u>Revenues at Current Rates</u>	
Consumption Charges	\$ 600,902
Account Maintenance Fee	32,182
Infrastructure Investment Fee	38,894
Miscellaneous Revenues	36,230
Sub-Total	<u>708,208</u>
Reconstruction Debt Service Offset	12,500
SDC Debt Service Offset	3,364
Use of Fund Balance	11,580
Total Funding Sources	<u>735,652</u>
<u>Requirements</u>	
Operating, Maintenance & Support Services Expenses	454,616
Debt Service	277,061
PAYGO	31,016
Total Requirements	<u>762,693</u>
Shortfall to be Covered by Rate Increase	<u>\$ (27,041)</u>
PROPOSED AVERAGE WATER AND SEWER RATE INCREASE	4.5%

TABLE IX

Account Maintenance Fees Proposed for Implementation July 1, 2018

<u>Meter Size</u>	<u>Approved FY'18 Quarterly Charges</u>	<u>Proposed FY'19 Quarterly Charges</u>
<u>Small Meters</u>		
5/8" to 1"	\$ 16.00	\$ 16.00
<u>Large Meters</u>		
1-1/2"	16.00	16.00
2"	27.00	27.00
3"	66.00	66.00
4"	142.00	142.00
6"	154.00	154.00
8"	200.00	200.00
10"	246.00	246.00
<u>Detector Check Meters</u>		
5/8" to 1"	16.00	16.00
2"	33.00	33.00
4"	177.00	177.00
6"	255.00	255.00
8"	461.00	461.00
10"	633.00	633.00
<u>Fire Service Meters</u>		
4"	182.00	182.00
6"	293.00	293.00
8"	452.00	452.00
10"	682.00	682.00
12"	989.00	989.00

This is a quarterly fee which is prorated based on the length of the billing cycle.

TABLE X

Infrastructure Investment Fees Proposed for Implementation July 1, 2018

<u>Meter Size</u>	<u>Approved FY'18 Quarterly Charges</u>	<u>Proposed FY'19 Quarterly Charges</u>
<u>Small Meters</u>		
5/8"	\$ 11.00	\$ 11.00
3/4"	12.00	12.00
1"	14.00	14.00
<u>Large Meters</u>		
1-1/2"	90.00	90.00
2"	185.00	185.00
3"	585.00	585.00
4"	813.00	813.00
6"	1,265.00	1,265.00
8"	2,845.00	2,845.00
10"	4,425.00	4,425.00
<u>Fire Service Meters</u>		
4"	499.00	499.00
6"	616.00	616.00
8"	2,524.00	2,524.00
10"	2,714.00	2,714.00
12"	5,214.00	5,214.00

This is a quarterly fee which is prorated based on the length of the billing cycle.

TABLE XI

Miscellaneous Fees and Charges -- Proposed Changes

The Commission 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, 2018.

<u>ITEM</u>	<u>CURRENT CHARGE</u>	<u>PROPOSED CHARGE EFFECTIVE JULY 1, 2018</u>
1. INSPECTION FEES		
Water/Sewer Connection Hookup, Well/Septic Hookup, Plumbing and Gasfitting Inspections		
New Single Family Detached Dwellings and Townhouses	\$726	\$835
All Other Residential:		
Water/Well Hookup		
Meter Yoke Inspection (meter only installation)	99	109
Water Hookup Converting from Well (includes 2 inspections)	99	109
Sewer/Septic Hookup	198	218
First Plumbing Fixture	99	109
Each Additional Fixture	99	109
SDC Credit Fixture Inspection (per fixture)	33	40
Minimum Permit Fee	33	40
Permit Reprocessing Fee	200	*200
Long Form Permit Refund Fee	60	*60
Long Form Permit Re-Issue Fee	200	*200
All Non-Residential:	200	*200
Plan Review (without Permit Application)		
50 Fixtures or Less	395	454
51 - 200 Fixtures	1,340	1,541
Over 200 Fixtures	2,670	3,070
2 nd or 3 rd Review (with or without Permit Application)		
50 Fixtures or Less	160	*160
51 - 200 Fixtures	300	345
Over 200 Fixtures	640	736
Water/Well Hookup	170	195
Meter Yoke Inspection (meter only installation)	170	195
Sewer/Septic Hookup	170	195
FOG Interceptor	170	195
First Plumbing Fixture	170	195
Each Additional Fixture	44	51
SDC Credit Fixture Inspection (per fixture)	27	31

* No change to this line item.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes
(Continued)

<u>ITEM</u>	<u>CURRENT CHARGE</u>	<u>PROPOSED CHARGE EFFECTIVE JULY 1, 2018</u>
Minimum Permit Fee	\$253	\$278
Permit Reprocessing Fee	60	*60
Long Form Permit Refund Fee	253	291
Long Form Permit Re-Issue Fee	253	291
2. SITE UTILITY (ON-SITE) REVIEW FEE		
Base Fee	3,301	*3,301
Additional Fee per 100 feet	302	*302
Minor (Waived) Site Utility (On-Site) Fee	874	1,005
3. LICENSE FEES FOR THE REGULATED TRADES		
Reciprocal Master Plumber, Gasfitter		
Initial Registration per type	93/2 years	102/2 years
Registration Renewal all types	85/2 years	88/2 years
Late Registration Renewal	50	52
Examined Master Plumber, Gasfitter		
Initial Registration per type	105/4 years	108/4 years
Registration Renewal all types	105/4 years	108/4 years
Late Registration Renewal	50	52
Cross-connection Technician Registration	25	26
Sewer and Drain Registration and Renewal	40/2 years	*40/2 years
Sewer and Drain Cleaner Late Registration Renewal	20	*20
Journeyman License		
Initial Registration per type	30/2 years	31/2 years
Registration Renewal	30/2 years	31/2 years
Late Registration Renewal	20	21
License Transfer Fee	30	31
License Replacement Fee	15	16
Apprentice License Registration/Renewal	10	11
4. SHORT FORM PERMIT FEE (up to 3 fixtures) – Non-Refundable	82	94

* No change to this line item.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes

(Continued)

ITEM	CURRENT CHARGE	PROPOSED CHARGE EFFECTIVE JULY 1, 2018
5. FEE FOR SALE OF WSSC PLUMBING AND FUEL GAS CODE (PLUMBING CODE) Sale of Plumbing Regulation (per book)	\$33/book	\$38/book
6. SEPTIC HAULER DISCHARGE PERMIT STICKER CATEGORY I Residential & Septic Waste & Grease		
1 - 49 gallons	250/vehicle	255/vehicle
50 - 799 gallons	4,009/vehicle	4,610/vehicle
800 - 2,999 gallons	11,434/vehicle	13,149/vehicle
3,000 - gallons and up	27,120/vehicle	31,188/vehicle
January through June	50% of fee	*50% of fee
Transfer and/or Replacement Permit Sticker	93	107
Industrial/Special Waste Disposal Fee	325/1,000 gallons	355/1,000 gallons
Zero Discharge Permit Fee	93	107
Temporary Discharge Permit Fee	85 + Sewer Rate/1,000 gallons	98 + Sewer Rate/1,000 gallons
Sewer Rate – Domestic Low Strength Wastewater	10.14/1,000 gallons of truck capacity	11.14/1,000 gallons of truck capacity
Sewer Rate – Domestic High Strength Wastewater	54.00/1,000 gallons of truck capacity	56.00/1,000 gallons of truck capacity
7. LONG FORM PERMIT TRANSFER FEE	152	160
8. METER REPLACEMENT FEE (Damaged or Stolen Meter)		
5/8" Encoder (outside)	150	*150
5/8" Encoder	150	*150
3/4" Encoder (outside)	151	*151
3/4" Encoder	160	*160
1" Encoder (outside)	196	*196
1" Encoder	198	202
1-1/2" Encoder	750	*750
2" Standard	1,100	*1,100
3" Compound	3,190	*3,190
4" Compound	3,960	*3,960
6" Compound	5,830	*5,830

* No change to this line item.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes
(Continued)

<u>ITEM</u>	<u>CURRENT CHARGE</u>	<u>PROPOSED CHARGE EFFECTIVE JULY 1, 2018</u>
2" MVR	\$1,210	*\$1,210
3" MVR	2,239	2,296
4" MVR	3,207	3,216
6" MVR	4,921	4,970
4" FM w/2" MVR	8,239	*8,239
6" FM w/3" MVR	9,820	*9,820
8" FM w/4" MVR	11,495	*11,495
10" FM w/6" MVR	14,225	*14,225
12" FM	16,250	*16,250
9. METER TESTING FEES		
5/8" to 1"	253	261
1-1/2"	424	*424
2" and up	473	*473
10. SUB-METER INSTALLATION FEES		
One-time Sub-Meter Charge - Small	261	*261
One-time Sub-Meter Charge - Large	528	*528
One-time Inspection Fee	50	57
Minimum Permit Inspection Fee	200	*200
11. TAPPER LICENSE FEE		
Permit Fee	363	*363
Duplicate	33	36
12. TEMPORARY FIRE HYDRANT CONNECTION FEE		
3/4" Meter – Deposit		
2 Weeks or Less w/approved payment record	0	*0
Over 2 Weeks/Less than 2 weeks w/unapproved payment record	376	379
3" Meter - Deposit		
2 Weeks or Less w/approved payment record	0	*0
Over 2 Weeks/Less than 2 weeks w/unapproved payment record	2,420	*2,420
Service Charge		
2 Weeks or Less (3/4" meter)	49	56
2 Weeks or Less (3" Meter)	130	*130

* No change to this line item.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes
(Continued)

<u>ITEM</u>	<u>CURRENT CHARGE</u>	<u>PROPOSED CHARGE EFFECTIVE JULY 1, 2018</u>
Over 2 Weeks (3/4" and 3" Meters) Water Consumption Charge – 3/4" Meter	\$159	*Current approved rate for 1,000 gallons ADC; \$30 minimum
Water Consumption Charge – 3" Meter		*Current approved rate for 1,000 gallons ADC; \$195 minimum
Late Fee for Return of Meter	7/day	10/day
Fee on Unpaid Temporary Fire Hydrant Meter Billings	1 1/2%/month	*1 1/2%/month
Loss/Destruction of Meter	Replacement Cost	*Replacement Cost
Loss/Destruction Wrench	40	*40
13. FEE FOR TRUCK INSPECTIONS WITH ATTACHED FIRE HYDRANT METER	50/2 years	52/2 years
14. WATER TURN-OFF, TURN-ON FEE		
Small Meter Turn-Off	77	80
Small Meter Turn-On	77	89
Large Meter Turn-Off	203	*203
Large Meter Turn-On	214	241
15. FEASIBILITY REVIEW FEE (Non-SEP)		
Feasibility Review & Report Fee Deposit (can be deferred as deficit when extension is completed)	9,377	10,784
Feasibility Submission Fee (Non-refundable)	1,512	1,618
16. INDUSTRIAL DISCHARGE CONTROL PROGRAM FEES BY CATEGORY		
Industrial users subject to Categorical Pretreatment Standards		
Less than 5,000 gpd (double visit)	4,020	4,623
Greater than 5,000 gpd (double visit)	6,160	7,084
Non-discharging Categorical Industries (zero discharge)	1,083	1,245
Significant Industrial User		
Less than 25,000 gpd (single visit - priority pollutant sampling)	4,020	4,623
Greater than 25,000 gpd (double visit - priority pollutant sampling)	6,160	7,084
Penalty Charge for Late Fee Payment	5% of fee	*5% of Fee

* No change to this line item.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes
(Continued)

<u>ITEM</u>	<u>CURRENT CHARGE</u>	<u>PROPOSED CHARGE EFFECTIVE JULY 1, 2018</u>
17. FEES FOR SALE OF CONTRACT SPECIFICATIONS, CONTRACT SPECIFICATION BOOKS, DRAWINGS, DESIGN MANUALS, STANDARD DETAILS, AND GENERAL CONDITIONS		
Construction Specifications/Drawings		
Utility Contracts		
Facility Contracts	\$15	\$17
Construction Standard Details	40-450	*40-450
Construction General Conditions & Standard Specifications	55	*55
SEP Construction General Conditions & Standard Specifications	44	46
Procurement Specifications/Drawings/General Conditions	44	46
With Routine Specifications		
With Complex/Voluminous Specifications	No charge	*No charge
	35-200	40-200
18. CALL BACK FEE (small meters, plumbers)	91	93
19. CALL BACK FEE (large meters, plumbers)	198	228
20. MISSED APPOINTMENT FEE		
First Missed Appointment or Turn-On	88	97
Each Additional Missed Appointment	110	*110
21. CONNECTION REDEMPTION FEE	38	44
22. CONNECTION ABANDONMENT FEE		
County Roads (Except Arterial Roads) - Water	1,452	1,474
County Roads (Except Arterial Roads) - Sewer	1,847	1,873
State Roads and County Arterial Roads - Water	1,760	1,778
State Roads and County Arterial Roads - Sewer	2,200	*2,200
23. FIRE HYDRANT INSPECTION FEE		
Controlled Access Surcharge Fee	121/hydrant	137/hydrant
	25	26

* No change to this line item.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes

(Continued)

<u>ITEM</u>	<u>CURRENT CHARGE</u>	<u>PROPOSED CHARGE EFFECTIVE JULY 1, 2018</u>
24. UTILITY EROSION AND SEDIMENT CONTROL PERMIT FEE Minor Projects Major Projects Minimum for Major Projects	\$.14 per linear foot .18 per linear foot 120	\$.20 per linear foot .30 per linear foot 124
25. EROSION AND SEDIMENT CONTROL TRAINING CERTIFICATION SESSION FEE	66/session, per participant	79/session, per participant
26. CHARGE FOR PHOTOCOPIES OF WSSC DOCUMENTS (per copied page, single side) Readily Available Source Material Certified Copy of Readily Available Source Material Scanning Documents	.25/page .50/page .25/page	.30/page .60/page .30/page
(A reasonable fee may be charged for time in excess of two hours expended by WSSC in searching for requested records or preparing such records for inspection and copying.)		
27. DISHONORED CHECK FEE & ELECTRONIC PAYMENT FEE (applies to all dishonored checks and dishonored electronic payments)	38	46
28. FIRE HYDRANT FLOW TEST FEE No Current Test Current Test	645 78	693 83
29. SHUT DOWN/CHARGE WATER MAIN FEE Shut Down/Complex Water Main Fee	995 1,864	1,144 2,144
30. RIGHT-OF-WAY RELEASE REVIEW FEE	995/document	1,144/document
31. FEE FOR REVIEW AND INSPECTION OF SITE WORK POTENTIALLY IMPACTING WSSC PIPELINES Simple Review Complex Review Inspection	363 1,895 242/inspection	399 2,179 266/inspection

* No change to this line item.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes
(Continued)

<u>ITEM</u>	<u>CURRENT CHARGE</u>	<u>PROPOSED CHARGE EFFECTIVE JULY 1, 2018</u>
32. CHLORINATION CONFIRMATION TEST FEE Re-Test or Additional Tests	\$237/first test 150/hour	\$247/first test 157/hour
33. METER REINSTALLATION CORRECTION FEE	374	388
34. SEWER METER MAINTENANCE FEE Quarterly Calibrations	10,912/year 2,728/quarter	12,003/year 3,001/quarter
35. DISCHARGE AUTHORIZATION PERMIT FEE Significant Industrial User – Initial Permit Significant Industrial User – Renewal Initial zero-discharge CIU Permit Reissued zero-discharge CIU Permit Temporary Discharge Permit (Non – SIU)	4,779/4 years 2,343/4 years 1,815/4 years 1,210/4 years 4,779	5,496/4 years 2,694/4 years 2,087/4 years 1,392/4 years 5,496
36. SALE OF WSSD LAWS Bound Volume Supplements	75 36	83 42
37. PROPERTY INSPECTION FEE	93	107
38. CONSTRUCTION SERVICES FEE Re-Test or Additional Tests or Inspector Overtime	12% of construction bond less design review fee 190/hour	9.3% of WSSC unit cost estimate or 12.0% of contractor's cost estimate 206/hour
39. SYSTEMS INSPECTION GROUP REVIEW FEE FOR ADDITIONAL REVIEWS OF CONTRACT DOCUMENTS AND AS-BUILTS	190/hour	206/hour
40. EXTRA REVIEW FEE Minor Additional Reviews of Unsigned or Signed Plans (per review) Major/Splitting Additional Reviews of Unsigned or Signed Plans (per review) Per Site Utility/Minor Additional Signed or Unsigned Plan Review Site Utility Minor Utility	1,045 2,133 1,268 330	1,202 2,453 1,458 379

* No change to this line item.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes
(Continued)

<u>ITEM</u>	<u>CURRENT CHARGE</u>	<u>PROPOSED CHARGE EFFECTIVE JULY 1, 2018</u>
Per Hydraulic Planning Analysis/Systems Planning Forecast Application Additional Review of Required Data (per application)	\$715	\$822
41. HYDRAULIC PLANNING ANALYSIS AND SYSTEM PLANNING FORECAST		
Modeling and Re-Modeling Fee - Up to 3 parts	1,391	1,600
Modeling and Re-Modeling Fee - per part over 3	605/part	696/part
Pressure Sewer System Review Fee (per system)	319	367
42. ENVIRONMENTAL SITE REVIEW FEE		
With Database Search Conducted By WSSC	330	379
With Database Search Submitted By Applicant	250	288
43. PARTIAL RELEASE	1,210	1,331
44. SERVICE CONNECTION APPLICATION AND INSPECTION FEE (per permit)		2,178/water and/or sewer connection
45. FACILITIES DESIGN GUIDELINES FEE	30	35
46. DISCHARGE FEE – Food Service Establishment (FSE)		
Full Permit FSE	467	537
Best Management Practices Permit FSE	132	152
47. FEASIBILITY REVIEW FEE FOR ON-SITE TAKEOVER PROJECTS	847	974
48. FEE FOR THE PREPARATION OF HOLD HARMLESS AGREEMENT	929	1,068
49. GOVERNMENT REFERRED PLAN REVIEW FEE		
Major Development – Over 10 Units	1,513	1,583
Minor Development – 10 or Less Units	726	791
Re-Review Fee for Major Development	726	791
Re-Review Fee for Minor Development	363	396
50. RESIDENTIAL OUTSIDE METER HOUSING UPGRADE/PIPE ALTERATION	5,687	6,540

* No change to this line item.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes
(Continued)

<u>ITEM</u>	<u>CURRENT CHARGE</u>	<u>PROPOSED CHARGE EFFECTIVE JULY 1, 2018</u>
51. PRE-SCREEN RE-SUBMISSION FEE	\$330	\$338
52. CROSS CONNECTION FEE		
Test Report Fee (per sheet)	30	35
Base Fee for High Hazard Commercial Water Customer (per month)	13	*13
Base Fee for All Other Commercial Water Customer (per month)	7	*7
53. SITE UTILITY INSPECTION FEE		
Base Fee	1,100	1,133
Pipeline (per foot)	5.60	6
54. NAME/TRANSFER OF OWNERSHIP FEE	198	228
55. PROTEST FILING FEE	605	700
56. PLUMBING/FUEL GAS PLANS REVIEW PRE-SCREEN FEE	0	255

* No change to this line item.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes

(Continued)

<u>ITEM</u>	<u>CURRENT CHARGE</u>	<u>PROPOSED CHARGE EFFECTIVE JULY 1, 2018</u>	<u>CURRENT MAXIMUM ALLOWABLE CHARGE</u>	<u>PROPOSED MAXIMUM ALLOWABLE CHARGE</u>
57. *** System Development Charge				
Apartment				
Water	\$896	\$896	\$1,289	\$1,310
Sewer	1,140	1,140	1,643	1,669
1-2 toilets/residential				
Water	1,344	1,344	1,937	1,968
Sewer	1,710	1,710	2,461	2,500
3-4 toilets/residential				
Water	2,240	2,240	3,227	3,279
Sewer	2,850	2,850	4,105	4,171
5 toilets/residential				
Water	3,135	3,135	4,517	4,589
Sewer	3,991	3,991	5,749	5,841
6+ toilets/residential (per fixture unit)				
Water	88	88	128	130
Sewer	115	115	167	170
Non-residential (per fixture unit)				
Water	88	88	128	130
Sewer	115	115	167	170

*** No increase is proposed for the System Development Charge for FY'19 in any category. The maximum allowable charge is being adjusted pursuant to Division II, Section 25-403(c) of the Public Utilities Article of the Annotated Code of Maryland, based on the 1.6% change in the Consumer Price Index for Urban Wage Earners and Clerical Workers for all items in the Washington, D.C. metropolitan area from November 2016 to November 2017.

TABLE VIII

WSSC Water/Sewer Rate Schedules Effective July 1, 2017 & Proposed for Implementation July 1, 2018

(4.5% AVERAGE RATE INCREASE PROPOSED FOR FY'19)

Average Daily Consumption by Customer Unit During Billing Period (Gallons Per Day)	Water Rates Per 1,000 Gallons		Sewer Rates Per 1,000 Gallons		Combined Water & Sewer Rates Per 1,000 Gallons	
	Effective		Effective		Effective	
	July 1, 2017	July 1, 2018	July 1, 2017	July 1, 2018	July 1, 2017	July 1, 2018
0-49	\$ 3.53	\$ 3.61	\$ 4.42	\$ 4.70	\$ 7.95	\$ 8.31
50-99	3.95	4.04	5.17	5.49	9.12	9.53
100-149	4.37	4.47	6.01	6.38	10.38	10.85
150-199	4.88	4.98	6.95	7.37	11.83	12.35
200-249	5.71	5.83	7.56	8.03	13.27	13.86
250-299	6.19	6.32	8.19	8.70	14.38	15.02
300-349	6.55	6.70	8.74	9.27	15.29	15.97
350-399	6.83	6.97	9.16	9.73	15.99	16.70
400-449	7.09	7.24	9.37	9.95	16.46	17.19
450-499	7.29	7.46	9.66	10.25	16.95	17.71
500-749	7.42	7.59	9.86	10.47	17.28	18.06
750-999	7.60	7.77	10.08	10.71	17.68	18.48
1,000-3,999	7.75	7.91	10.51	11.16	18.26	19.07
4,000-6,999	7.92	8.10	10.75	11.41	18.67	19.51
7,000-8,999	8.03	8.20	10.91	11.58	18.94	19.78
9,000 & Greater	8.16	8.34	11.20	11.89	19.36	20.23

Current Flat Rate Sewer Charge - \$108.00 per quarter
Proposed Flat Rate Sewer Charge - \$115.00 per quarter

TABLE VII

Annual Customer Bills At Various Consumption Levels					
Average Daily Consumption (ADC) Gallons Per Day	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
100 (36,500 GAL/YR) 3/4" Residential Meter	\$ 395.86	\$ 443.51	\$ 478.10	\$ 490.87	\$ 508.03
143 (52,195 GAL/YR) 3/4" Residential Meter	547.16	596.38	635.52	653.78	678.32
500 (182,500 GAL/YR) 3/4" Residential Meter	2,973.13	3,046.33	3,159.75	3,265.60	3,407.95
1,000 (365,000 GAL/YR) 2" Meter	6,394.40	6,730.45	7,286.60	7,512.90	7,808.55
5,000 (1,825,000 GAL/YR) 3" Meter	32,031.75	33,408.00	35,527.00	36,676.75	38,209.75
10,000 (3,650,000 GAL/YR) 6" Meter	66,611.50	69,466.50	73,967.60	76,340.00	79,515.50

Annual customer bills include the Account Maintenance Fee shown on page 20 and the Infrastructure Investment Fee shown on page 21.

SYSTEM DEVELOPMENT CHARGE ACCOUNT
(\$ In Thousands)

ACCOUNT BALANCE, JULY 1, 2016	<u>\$31,073</u>
ACCOUNT ADDITIONS:	
SDC Revenue, Net	28,875
Interest Income	<u>200</u>
	<u>29,075</u>
FUNDS AVAILABLE	<u>60,148</u>
Less SDC Credit Reimbursement	(1,489)
Less Amounts Billed But Not Yet Collected	(0)
Less Reserve for SDC Related Reimbursements	<u>(4,000)</u>
	<u>(5,489)</u>
TRANSFERRED TO OPERATING FUNDS: *	
Water Operating - Debt Service	(446)
Sewer Operating - Debt Service	<u>(2,163)</u>
	<u>(2,609)</u>
FUNDS AVAILABLE AFTER RESERVES AND TRANSFERS	<u>52,050</u>
TRANSFERRED TO BOND FUNDS:	
Water Supply Bond	(11,334)
Sewage Disposal Bond	<u>(25,432)</u>
	<u>(36,766)</u>
AVAILABLE ACCOUNT BALANCE, JUNE 30, 2017	<u>\$15,284</u>

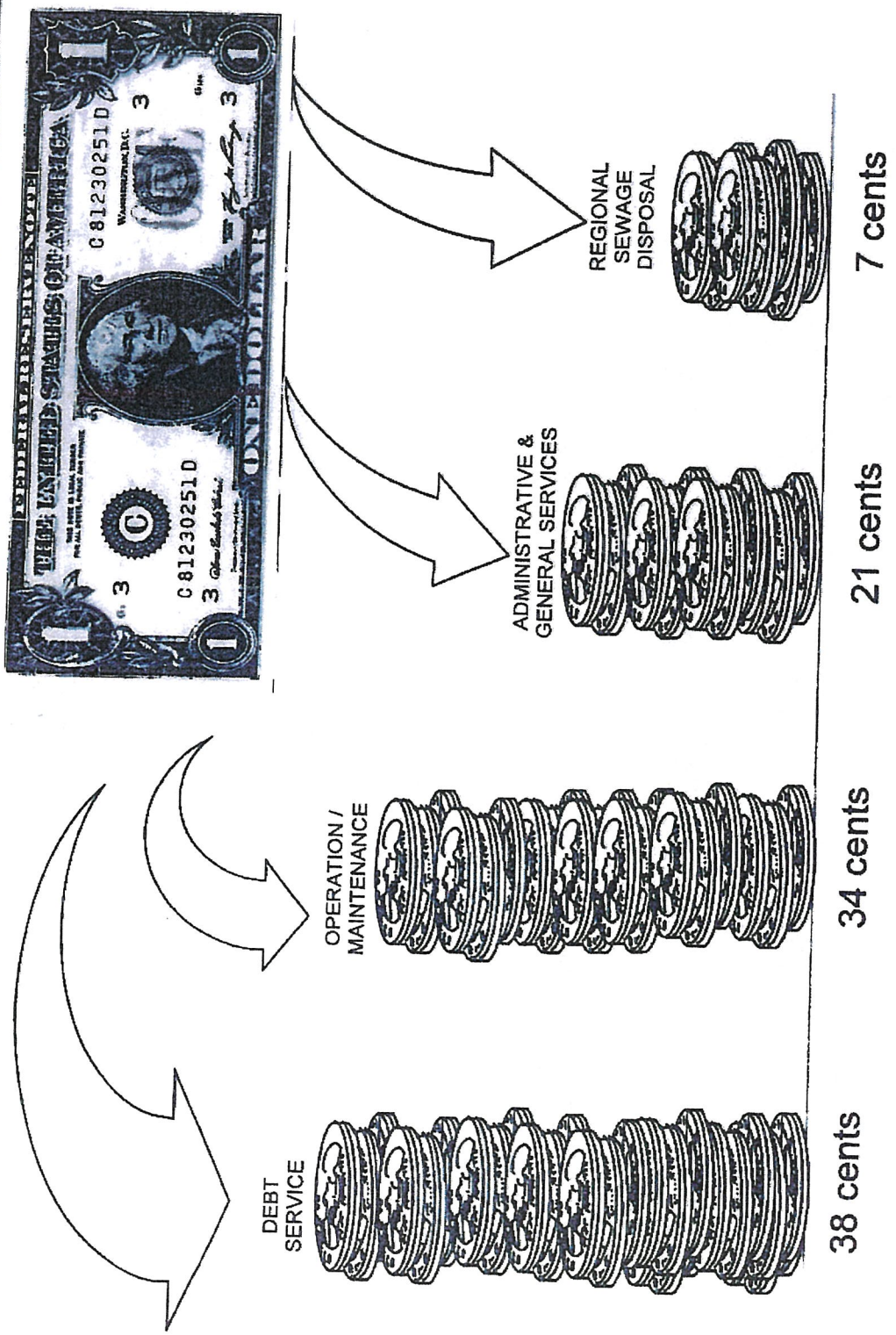
* Transfers to Operating Funds service FY'98 & FY'16 debt.

SYSTEM DEVELOPMENT CHARGE
FY'17 ELIGIBLE EXPENDITURES

PROJECT NUMBER	PROJECT TITLE	ELIGIBLE AMOUNTS
34.02	Old Branch Avenue Water Main	\$ 132,404
34.03	Water Transmission Improvements 385 Pressure Zone	381,870
34.04	Branch Avenue Water Transmission Improvements	1,292,999
46.15	Clarksburg Elevated Water Storage Facility	1,385,782
46.24	Clarksburg Area Stage 3 Water Main, Part 4	23,910
62.05	Clinton Zone Water Storage Facility Implementation	133,387
65.10	St. Barnabas Elevated Tank Replacement	1,426,798
84.02	Ritchie Marlboro Road Transmission Main & PRV	53,578
93.01	Konterra Town Center East Water Main	66,877
111.05	Hillmeade Road Water Main	20,281
119.01	John Hanson Highway Water Main, Part 1	3,337,864
120.14	Lakeview at Brandywine Water Main, Part 1	22,218
123.14	Old Marlboro Pike Water Main	3,746
123.20	Oak Grove/Leeland Roads Water Main, Part 2	243,756
127.01	Bi-County Water Tunnel	350,383
137.02	South Potomac Supply Improvement	2,335,012
147.00	Collington Elevated Water Storage Facility	123,580
SUB-TOTAL WATER		\$ 11,334,445
25.05	Mid-Pike Plaza Sewer Main, Phase 2	\$ 6,784
27.08	Westphalia Town Center Sewer	25,647
28.18	Konterra Town Center East Sewer	173,162
43.02	Broad Creek WWPS Augmentation	24,752,526
53.22	Seneca WWTP Expansion, Part 2	53,916
84.60	Cabin Branch Wastewater Pumping Station	41,981
84.65	Tapestry Wastewater Pumping Station	59,963
84.66	Tapestry WWPS Force Main	54,490
85.21	Shady Grove Station Sewer Augmentation	4,465
86.19	Karington Subdivision Sewer	371
87.16	Rodenhauser WWPS Force Main	2,877
103.16	Cabin John Trunk Sewer Relief	256,021
131.09	Preserves of Piscataway WWPS Force Main	81
SUB-TOTAL SEWER		\$ 25,432,284
FY'17 TOTAL WATER & SEWER		\$ 36,766,729

FY'19 PROPOSED BUDGET

(How Each Dollar of a Water and Sewer Bill is Spent)



1-14