

WSSC WATER PROPOSED BUDGET 2026

July 01, 2025 - June 30, 2026





FISCAL YEAR 2026 PROPOSED BUDGET

T. Eloise Foster, Chair
Mark J. Smith, Vice Chair
Fausto R. Bayonet, Commissioner
Lynnette D. Espy-Williams, Commissioner
Jonathan Powell, 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 2026 PROPOSED BUDGET

Public Hearings by the Commission (held as scheduled)	January 29 and February 4, 2025
Submission to County Executives	March 1, 2025
Approval by the County Councils	June 1, 2025
Adopted for the Fiscal Year	July 1, 2025

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

PROGRAM CONTACT

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

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**Washington Suburban Sanitary Commission
Maryland**

For the Fiscal Year Beginning

July 01, 2024

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, 2024. This is the 30th 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
T. Eloise Foster, Chair
Mark J. Smith, Vice Chair
Fausto R. Bayonet
Lynnette D. Espy-Williams
Jonathan Powell
Regina Y. Speed-Bost

GENERAL MANAGER
Kishia L. Powell

March 01, 2025

The Honorable Tara H. Jackson, Prince George's Acting County Executive
The Honorable Marc Elrich, Montgomery County Executive
The Honorable Jolene Ivey, Chair, Prince George's County Council
The Honorable Kate Stewart, President, Montgomery County Council

Dear Ms. Jackson, Mr. Elrich, Ms. Ivey, and Ms. Stewart:

On behalf of WSSC Water, I hereby transmit the Proposed Fiscal Year 2026 (FY 2026) 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 2026 for all operating and capital funds totals \$1.8 billion or \$21.7 million (1.2%) more than the FY 2025 Approved Budget. The Proposed Operating Budget of \$1.1 billion represents an increase of \$116.2 million (11.4%) over the FY 2025 Approved Operating Budget of \$1.0 billion. Additionally, the Proposed Capital Budget of \$696.8 million represents a decrease of \$94.5 million (-11.9%) from the FY 2025 Approved Capital Budget of \$791.3 million. The non-discretionary items such as debt service, PAYGO financing of capital projects, payments to the District of Columbia Water and Sewer Authority's Blue Plains Advanced Wastewater Treatment Plant for regional sewage expenses along with rising chemical, biosolids hauling and energy costs represent 55% of the FY 2026 Operating Budget. The non-discretionary items make up 56% of the increase in FY 2026 Operating Budget.

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

Commitment to Affordability and Customer Assistance Programs

The 9.8% average revenue enhancement will add approximately \$8.80 per month or \$26.41 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, more residents are struggling to meet 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 2026 Proposed Budget is \$8.9 million, an increase of \$1.1 million or 14% from FY 2025. The Program includes:

- The Customer Assistance Program (CAP) was created in FY 2016 to help economically challenged customers by providing financial assistance with water and sewer bills. The CAP has already reached thousands of our customers in the current fiscal year. The CAP will continue in FY 2026 and the proposed budget estimates the revenue offset at \$2.2 million.
- 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 2026, \$750,000 is included for the Water Fund. This is a \$250,000 (50%) increase over FY 2025. Prior to FY 2025, the Water Fund was funded via donations.
- The Connection Pipe Emergency Replacement Loan Program provides affordable financing of up to \$10,000 per eligible customer. The budget for this program is \$200,000.
- Under the new CAP Leak Repair Program, CAP-enrolled customers impacted by an on-property leak will be eligible to participate in this program. CAP Leak Repair was rolled out in fall 2024 and is administered by The Habitat for Humanity. The budget for this new program is \$350,000 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.
- Promise Pay is a financial assistance program allows residential and commercial customers with past-due bills to establish affordable, flexible, and interest-free

payment plans. The budget includes \$3.6 million for Promise Pay which is a \$330,000 increase over FY 2025.

- Additional \$525,000 is set aside that may be allocated to the Water Fund, based on current year trends, or for an establishment of a new program.

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 - \$33.6 million in FY 2026
- EPA Lead and Copper Rule regulatory compliance
- Comprehensive Per- and Polyfluoralkyl Substances (PFAS) management strategy
- Operations and maintenance of our \$9 billion in critical infrastructure assets to support our core mission
- Debt service to support the capital improvements program
- 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
- Carry forward compensation improvements made in FY 2025 for Team H2O to address stagnant wages below market, establish a living minimum wage, and improve recruitment and retention of workforce

Our Most Valuable Resource – Team H2O

As a water and wastewater utility, WSSC Water is competing for necessary resources with at least eight other water and wastewater utilities in the region as well as PEPCO, BGE, WMATA and other private companies that have had the ability to offer higher wages. To address this challenge, WSSC Water recently completed an assessment of our Total Rewards Program to build on the phased compensation improvement efforts started in FY 2024, to improve recruitment and retention efforts. This budget includes a marker for COLAs and merits for Team H2O as well as the addition of 77 new workyears.

- 29 support regulatory requirements
- 20 support and enhance operations

- 28 are budget neutral - conversion of contract positions to permanent

Facilities Reliability

The budget anticipates the implementation of comprehensive water and wastewater facilities condition assessment and improvement planning. The goals of Water and Wastewater Facilities Plans are to provide a long term infrastructure roadmap based on analyses of future capital investment needs necessary to meet service and regulatory mandates; protect the health and safety of customers, employees, and the environment; reduce business risk exposures; provide an exceptional level of service while sustaining operational efficiency, reliability, and resilience; maintain a 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. Justice, Equity, Diversity and Inclusion are core elements of WSSC Water's infrastructure planning to ensure underprivileged communities benefit from equitable infrastructure access and economic opportunities.

The budget proposes numerous capital and facility investments such as:

- Invest \$35.0 million in Master Planning and Facilities Planning and Investments.
- Invest \$33.6 million in Lead and Copper Reduction regulatory compliance.
- Invest \$23.8 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 \$9.5 million to replace and upgrade assets at the Support Center 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.
 - Restacking - Renovation Lobby level, 2nd- 8th-10th and 12th floor levels.
 - Blazer Unit Replacement on the 2nd, Lobby and Lower levels.
 - Facade and Screen Wall Rehabilitations and replacement of existing Green Roof.
- Invest \$79.5 million to replace 27 miles of water pipe in the Water Reconstruction Program.
- Invest \$51.6 million to replace 25 miles of sewer pipe in the Sewer Reconstruction Program.
- Invest \$54.6 million to replace 6 miles of large diameter water pipe in the Large Diameter Water Pipe & Large Valve Rehabilitation Program.
- Invest \$41.9 million to replace 10 miles of trunk sewer line in the Trunk Sewer Reconstruction Program.

Infrastructure Reliability

The budget proposes the rehabilitation of 27 miles of smaller water mains (<16 inches in diameter), as WSSC Water begins to ramp back up towards our asset management plan goal of 45 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 safe and reliable computing infrastructure that effectively meets the current and future needs of the Commission. The FY 2026 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 and computer systems and networks remain protected from theft, attack, or unauthorized access. Cyber Resiliency program initiatives include artificial intelligence 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 older solutions including work and asset management, customer service, financial and human resources applications and the deployment of AI and predictive analytics, digital twin technology and enhancing customer and employee engagement consistent with the objectives of WSSC Water's new strategic plan and its digital transformation priority.

Rate Increase

The FY 2026 Proposed Budget is supported by a 9.8% average water and sewer volumetric and fixed fees rate increase. While WSSC Water understands the difficulties associated with a revenue enhancement in the current economic climate, we continue to experience inflation throughout the supply chain, as well as substantial increases in Blue Plains Regional Sewage Disposal costs that are much higher than inflation. 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. During the spending affordability discussions our preliminary "same services" budget was presented with a 12.2% 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 WSSC Water's AAA bond rating. However, the Montgomery County Council recommended a spending affordability guideline rate increase limit of 10.2% while Prince George's County recommended 9.0%. WSSC Water's Finance Team has therefore assessed the requested programs and headcount requests to fund the most critical needs while making reductions in the proposed budget.

Budget Reductions: FY 2026 Proposed Budget

Department budget requests as submitted would have required a 16.2% revenue enhancement. The following reductions were made to reduce the rate increase requirement to 10.2% average revenue enhancement:

- PAYGO - \$23.5 million
- Unfunded new requests - \$9.3 million
- Departmental reductions - \$7.4 million
- Lapse (vacancy rate) increased from 3% to 4% - \$2.1 million
- Phase-in of 23 new positions - \$0.7 million

To further reduce the rate increase, the Finance Team was able to identify non-rate revenue to offset a portion of the enhancement request. A true up was made to interest income based on FY 2024 and YTD FY 2025 actuals, and the reduction of uncollectible allowance accelerated to begin in FY 2026 versus FY 2027 based on the revenue collection trends.

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). Since 2000, WSSC Water has adjusted the maximum allowable charge based on the change in the November CPI-W with no changes to the actual fee. This year, WSSC Water plans to increase the maximum allowable charge as well as the SDC by the change in the CPI-W, 2.5%.

Conclusion

The budget continues to be a significant challenge due to the continued approval of lower than requested rates and the impact of inflation all while ensuring WSSC Water continues 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 9.8% average revenue enhancement and supports WSSC Water's strategic priorities, includes significant improvements and enhancements to existing programs and funds new regulatory programs.

Sincerely,

DocuSigned by:
T. Eloise Foster
13A87821F88548B...

T. Eloise Foster
Commission, Chair

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

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



Montgomery County Commissioners



T. Eloise Foster
Chair



Fausto R. Bayonet
Commissioner



Jonathan Powell
Commissioner



Prince George's County Commissioners



Mark J. Smith
Vice Chair

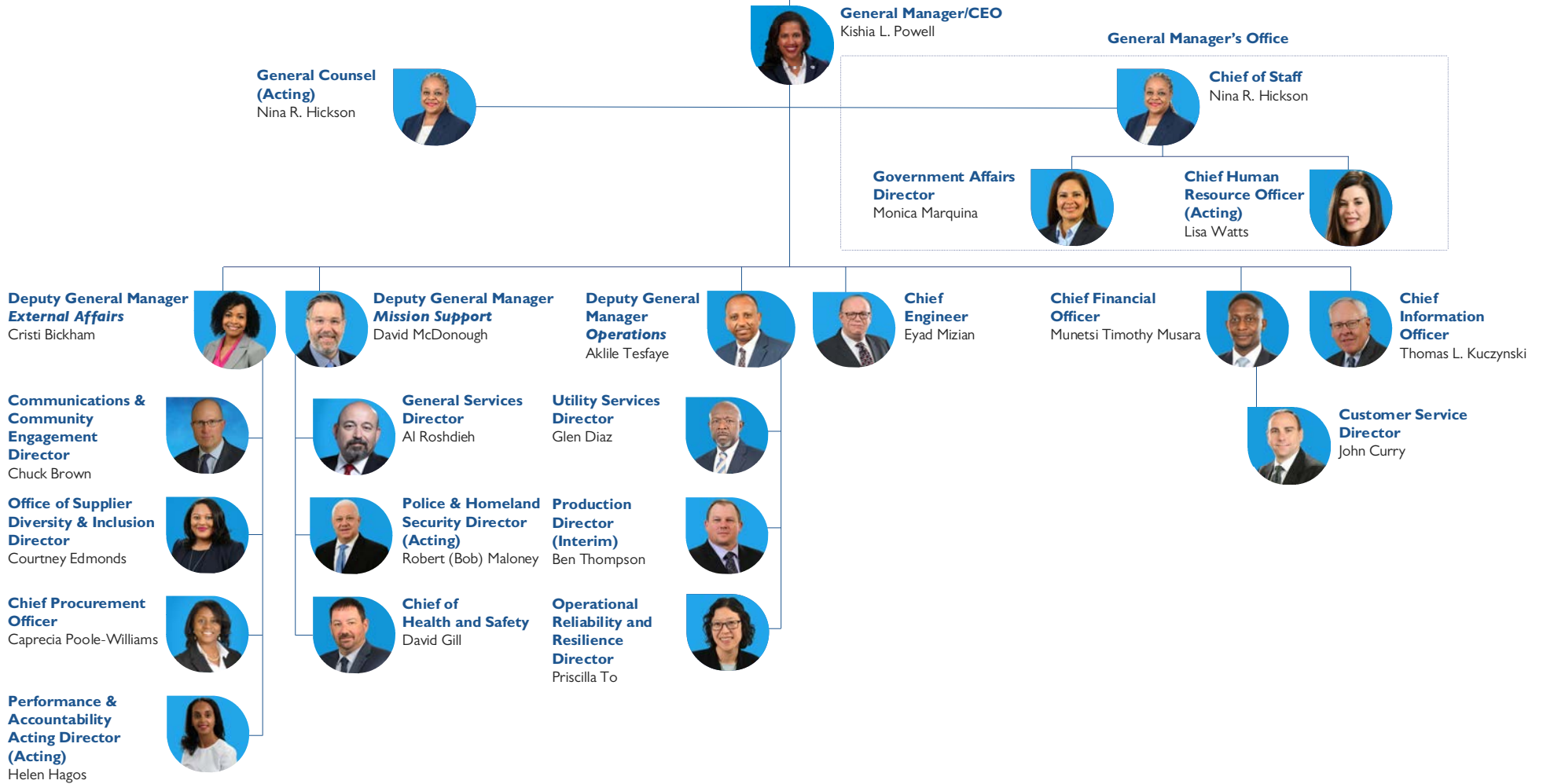


Lynnette D. Espy-Williams
Commissioner



Regina Y. Speed-Bost
Commissioner

Commissioners

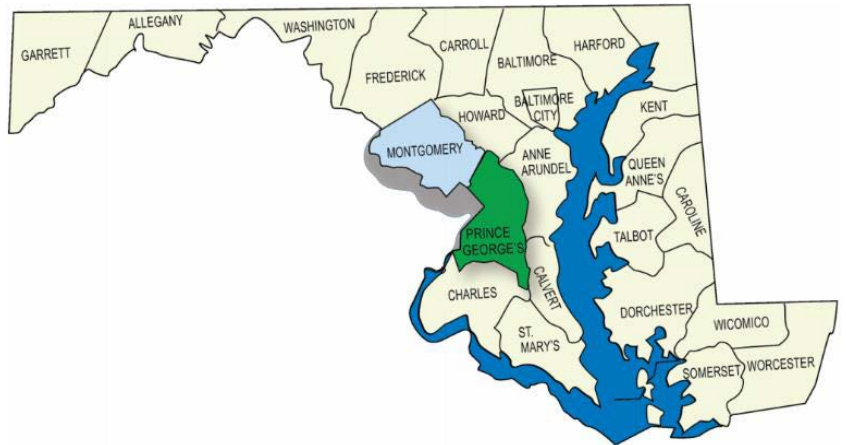


WSSC WATER OVERVIEW

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) 2026 and deliver that water to homes and businesses in Montgomery and Prince George’s Counties, serving over 480,000 customer accounts through a system of over 6,000 miles of water mains. To ensure a reliable water supply for all seasons and conditions, WSSC Water operates three reservoirs with a total capacity exceeding 14 billion gallons.



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



Sewage treatment is provided by six water resource recovery facilities (WRRFs) operated by the agency, and the Blue Plains Advanced Wastewater Treatment Plant (Blue Plains) operated by DC Water. In FY 2026, it is projected that an average of 198 million gallons of wastewater per day from Montgomery and Prince George’s Counties will move to these facilities through 5,700 miles of sewer lines maintained by WSSC Water. The six WRRFs owned by the agency have a combined capacity of 95 million gallons per day (MGD). Blue Plains is a regional facility that serves the District of Columbia and several northern Virginia jurisdictions, as well as WSSC Water. Under the Inter-Municipal Agreement that

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

The agency also reviews preliminary subdivision plats as to 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 Overview

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. We make fair and purposeful decisions by valuing and including each other.

Accountable. We take responsibility for our actions by being transparent and ethical with our decisions.

Caring. We maintain the highest level of safety and protection for our people, community and environment.

Community-Focused. We are responsive to our customers' needs and the protection of our natural resources.

Excellent. We exceed expectations and create meaningful impact through forward-thinking innovation.

Trustworthy. We strengthen partnerships through responsible actions and honest relationships within our community.



Smart One Water is a holistic approach to water management that considers all water resources, including drinking water, stormwater, wastewater and other types, as interconnected in one water cycle. At WSSC Water, we aim to function as a Smart One Water utility by using innovative technologies and adopting sustainable, resilient and inclusive water management methods.

Strategic Priorities

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



Workforce Development & Culture

WSSC Water will be a preferred employer by providing great 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 to our customers.



Customer Engagement & Partnerships

To ensure all communities and partnerships thrive, WSSC Water will enhance the entire 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 sustaining 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 reliable life cycle and reducing waste, to enhance the level of service to the community and to protect the environment.



Digital Transformation

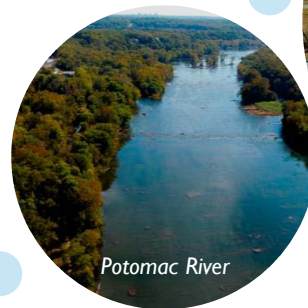
To address economic, social, regulatory, and environmental pressures, WSSC Water will leverage innovative technologies to improve decision-making, organizational efficiency and service in support of our Smart One Water Future.



Justice, Equity, Diversity & Inclusion (JEDI)

WSSC Water will build and sustain community trust and promote environmental justice by ensuring equitable access to our services and programs. We will build a diverse and inclusive culture of collaboration and interconnection within Team H₂O.

The following sections detail the objectives for each strategic priority. The results, or milestones and measures, that Team H₂O will use to track our progress towards each priority can be found here www.wsscwater.com/strategicplan



Potomac River



Western Branch Water Resource Recovery Facility



Strategic Priority Objectives

Workforce Development & Culture

Below are the objectives for the Workforce Development & Culture strategic priority. Milestones and measures for each objective can be found at the end of the plan.

- 1 Objective:** Establish a framework and supporting policies to be a leader in compensation and offer a leading total rewards program.
- 2 Objective:** Create an environment of trust and well-being where everyone can honestly and safely contribute to health and safety discussions.
- 3 Objective:** Cultivate a supportive and sustainable environment that promotes, engages and recognizes the value of every Team H₂O member from on-boarding through the career journey.
- 4 Objective:** Develop staff with appropriate knowledge, skills and abilities and provide growth opportunities to ensure alignment with the appropriate roles for a Smart One Water workforce and future sustainability.
- 5 Objective:** Implement cutting edge strategies for recruiting, engaging and retaining top talent in the marketplace as a leader and anchor of the Chesapeake Water Workforce Network.
- 6 Objective:** Sustain and enhance training and development programs to embody a learning culture.
- 7 Objective:** Foster a collaborative One Team H₂O culture that encourages candid conversations and accountability at all levels and departments.





Strategic Priority Objectives

Affordability & Financial Viability

Below are the objectives for the Affordability & Financial Viability strategic priority. Milestones and measures for each objective can be found at the end of the plan.

- 1 Objective:** Increase financial stability.
- 2 Objective:** Optimize operational efficiencies.
- 3 Objective:** Increase transparency and efficiency within the total Operating and Capital Budget.
- 4 Objective:** Ensure availability of customer assistance programs.



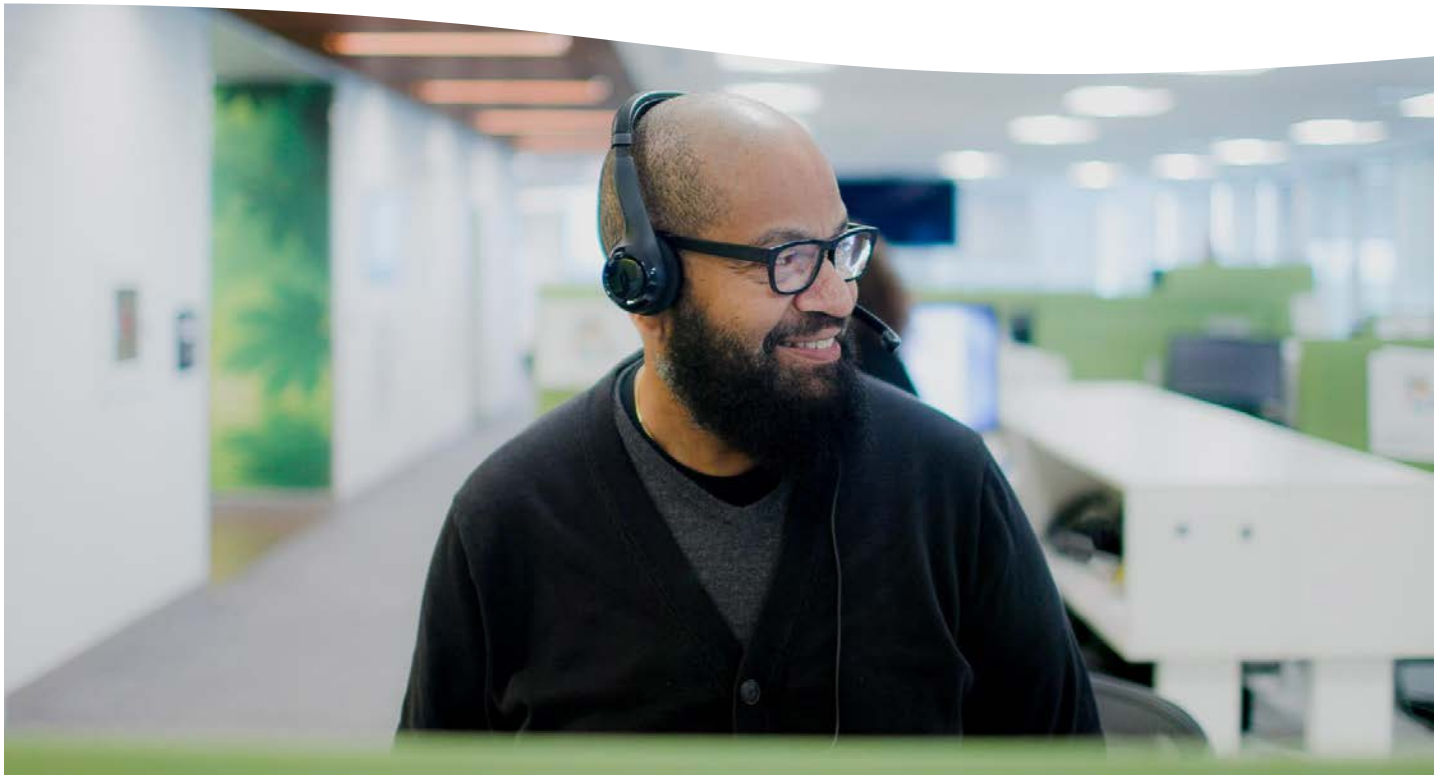


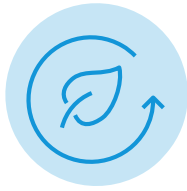
Strategic Priority Objectives

Customer Engagement & Partnerships

Below are the objectives for the Customer Engagement & Partnerships strategic priority. Milestones and measures for each objective can be found at the end of the plan.

- 1 Objective:** Provide comprehensive and inclusive outreach.
- 2 Objective:** Use technology and information to provide a better customer experience.
- 3 Objective:** Develop simple, targeted communications.
- 4 Objective:** Embrace partnerships, engagement and collaboration with all stakeholders.





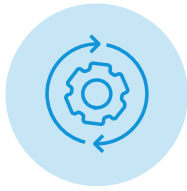
Strategic Priority Objectives

Sustainability & Resiliency

Below are the objectives for the Sustainability & Resiliency strategic priority. Milestones and measures for each objective can be found at the end of the plan.

- 1 Objective:** Implement measures to ensure WSSC Water operations can recover quickly from any disruption through robust preparedness programs.
- 2 Objective:** Harden WSSC Water infrastructure and systems by building a security culture, enhancing security protocols and improving systems for a more proactive response to physical and cybersecurity risks.
- 3 Objective:** Focus operational approaches to implement programs that address the 4 P's of sustainable development: People, Planet, Productivity and Purpose.
- 4 Objective:** Identify current and future gaps in the capability and redundancy of source water, treatment systems, infrastructure and processes to effectively respond to environmental, regulatory and supply chain challenges.
- 5 Objective:** Reduce WSSC Water's greenhouse gas emissions and achieve a 50% reduction by 2030 and net zero emissions by 2050.





Strategic Priority Objectives

Optimizing Operations

Below are the objectives for the Optimizing Operations strategic priority. Milestones and measures for each objective can be found at the end of the plan.

- 1 Objective:** Establish a continuous improvement framework to identify, review, verify effectiveness and adopt best practices for core procedures to ensure operational efficiency.
- 2 Objective:** Adopt smart technologies to enhance system monitoring, data quality and accessibility to improve data-driven decision making.
- 3 Objective:** Implement a Smart One Water system approach for asset management to support operational optimization.





Strategic Priority Objectives

Asset Management & Infrastructure Reliability

Below are the objectives for the Asset Management & Infrastructure Reliability strategic priority. Milestones and measures for each objective can be found at the end of the plan.

- 1 Objective:** Develop and implement a Utility Wide Master Plan (UWMP) to standardize and communicate system improvement road maps.
- 2 Objective:** Maintain and improve level of service goals and leverage data for agile allocations of resources.
- 3 Objective:** Prioritize asset improvements and operations and maintenance (O&M).
- 4 Objective:** Implement condition assessments for all asset classes to develop system roadmaps.





Strategic Priority Objectives

Digital Transformation

Below are the objectives for the Digital Transformation strategic priority. Milestones and measures for each objective can be found at the end of the plan.

- 1 Objective:** Sustain a comprehensive cyber resilience program to protect our people, assets, critical operations and the environment.
- 2 Objective:** Support and enhance a culture of continuous learning to improve the adoption of innovative technologies and techniques.
- 3 Objective:** Provide universal access to data and information to improve decision making, organizational efficiency and service.





Strategic Priority Objectives

Justice, Equity, Diversity & Inclusion

Below are the objectives for the Justice, Equity, Diversity & Inclusion (JEDI) strategic priority. Milestones and measures for each objective can be found at the end of the plan.

- 1 Objective:** Infuse JEDI into the culture of WSSC Water.
- 2 Objective:** Ensure career growth opportunities for Team H₂O are done so in a manner that promotes a more equitable and inclusive workplace.
- 3 Objective:** Continue efforts to increase contracting equity and diversify our supplier portfolio.
- 4 Objective:** Utilize environmental justice considerations to prioritize and optimize infrastructure investments and policy-making.





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 - one that values justice, equity, diversity and inclusion in every aspect of our operations, for our organization and the community we serve. 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
- Justice, Equity, Diversity and Inclusion (JEDI)

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.

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.

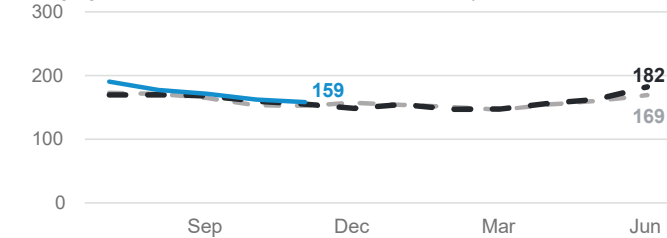
- **Estimated Bills:** As of December 1, 2024, WSSC Water had a total of **2,068** estimated bills, a 28.37% decrease from the previous month's total of 2,887 estimated bills, and the lowest number of estimated bills for the current fiscal year.
- **Accounts Billed On-Time:** As of December 1, 2024, WSSC Water had billed **99.99%** of accounts on-time.
- **Average Answer Speed:** As of December 1, 2024, WSSC Water had an average answer speed of **16.9 minutes**, a 34.13% increase from the previous month's average of 12.6 minutes, and the longest wait time for the current fiscal year.
- **Past Due Amounts and Accounts:** As of December 1, 2024, WSSC Water had **95,702** past due accounts totaling **\$58.1 million**. The \$58.1 million past due reflects a \$3.5M increase from October 2024.
- **Sanitary Sewer Overflows:** As of December 1, 2024, WSSC Water had a total of **12** sanitary sewer flows, 4 times higher than the previous month's total of 3.



Provide Safe and Reliable Water

Water Production

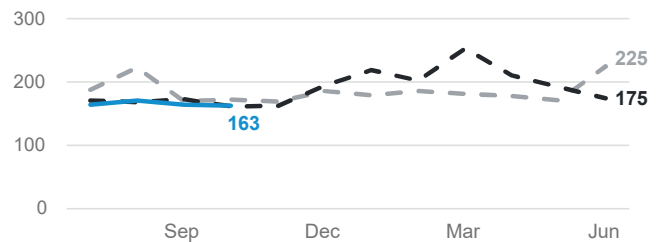
average gallons of water produced, in millions per day



Return Clean Water to Our Environment

Wastewater Treatment

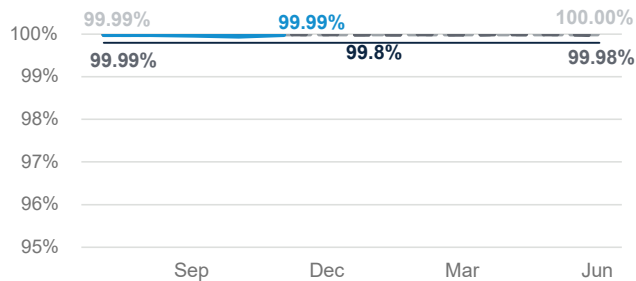
average gallons of wastewater treated, in millions per day



Deliver Safe, Reliable and Consistent Service

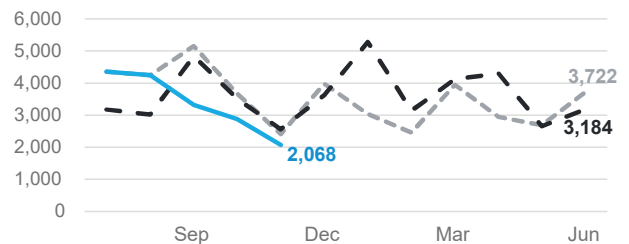
Accounts Billed On-Time

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



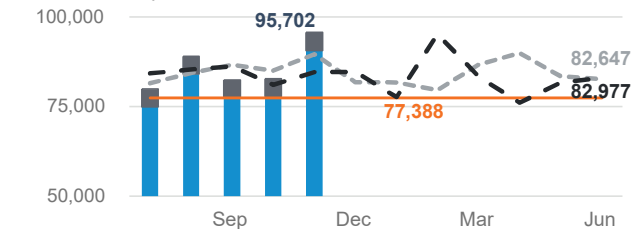
Estimated Bills

of consecutive estimated bills



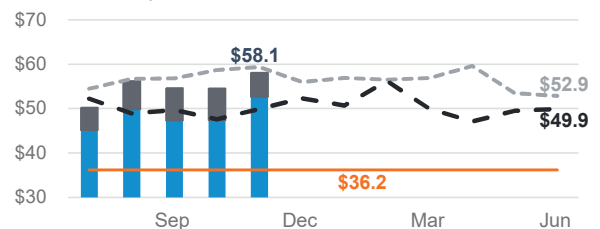
Past Due Accounts

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



Past Due Amount

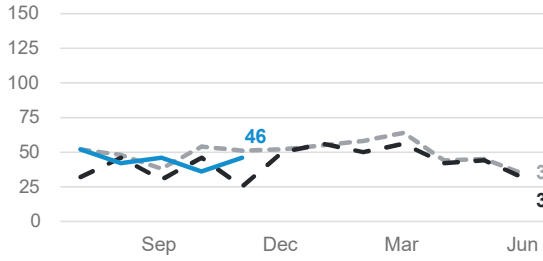
\$ of accounts (millions) more than 30 days past the bill date as of the last business day of the month



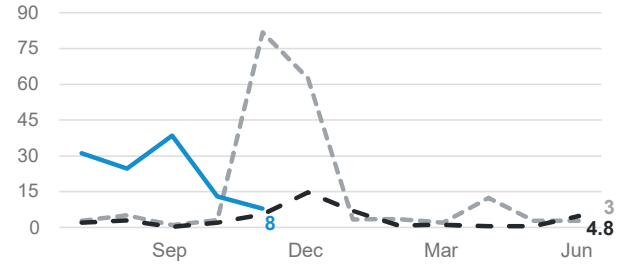
— This year (FY25)
 — Projected target
 - - - Last year (FY24) FY23 - - - -

Deliver Safe, Reliable and Consistent Service

Basement Backups #
 of basement backups

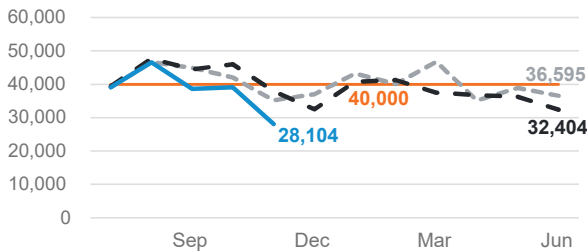


Water Service Restoration Time (Hours) # of
 outage hours / # of housing units impacted

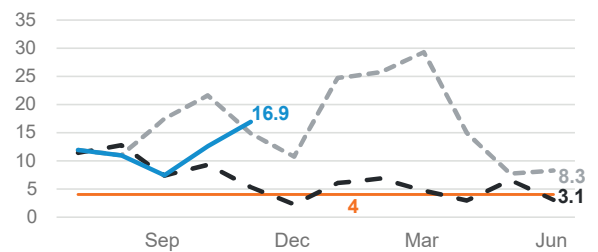


Provide Timely Response to Customer Queries

Call Volume
 # of calls received per month

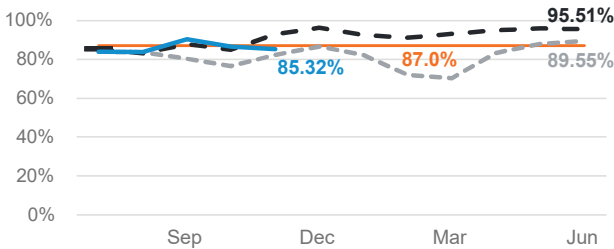


Average Answer Speed
 average minutes customer waits for customer care call center agent

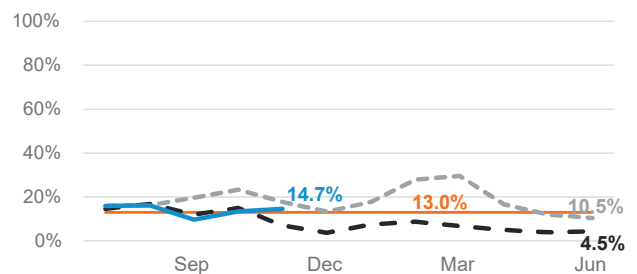


Provide Timely Response to Customer Queries

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



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

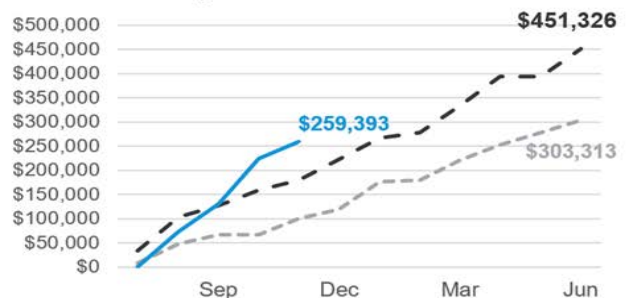


Be a Good Citizen within Our Community

Water Fund Assistance Customers Served
 # of customers served, cumulative for fiscal year



Water Fund Assistance Provided
 financial assistance applied to qualified customer water/sewer bills, cumulative for fiscal year

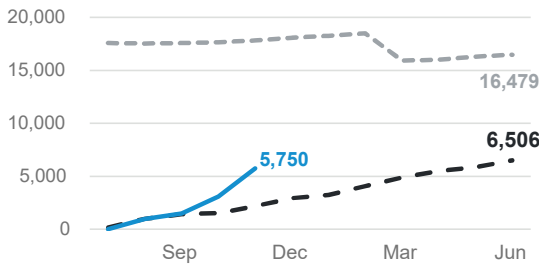


— This year (FY25)
 - - Last year (FY24)
 - - - - FY23

Be a Good Citizen within Our Community

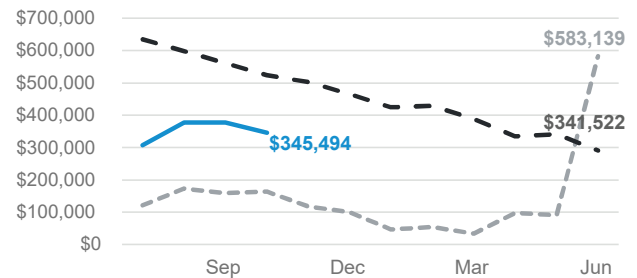
Customer Assistance Program Participants

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



Water Fund Bank Balance

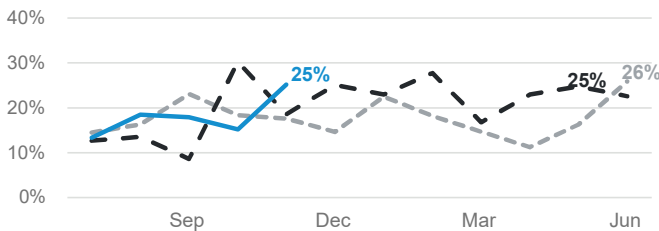
value of account balance at month's end



Acquire the Best People

Monthly Positions Filled

of positions filled / # of actively recruited positions

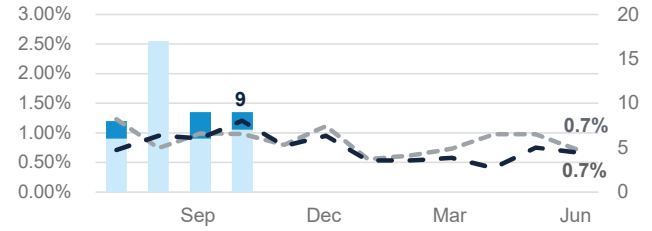


Retain Top Performers

Monthly Turnover Rate

of employee separations / # of FTEs

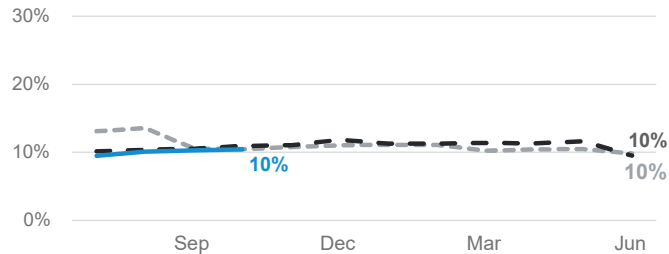
■ Retirement separations
 ■ Other separations



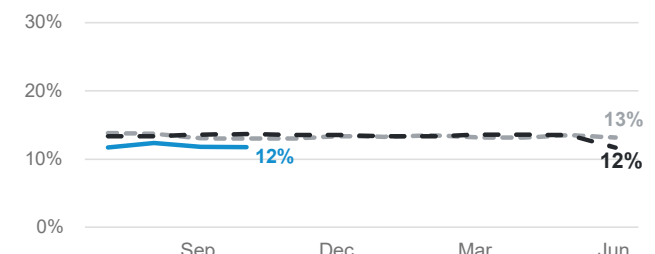
Develop and Grow Talent

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

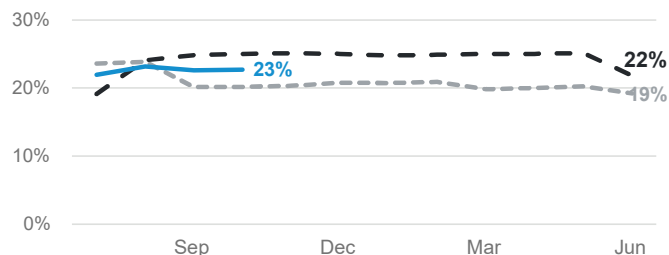
Retirement Eligibility (Full) Eligible Now



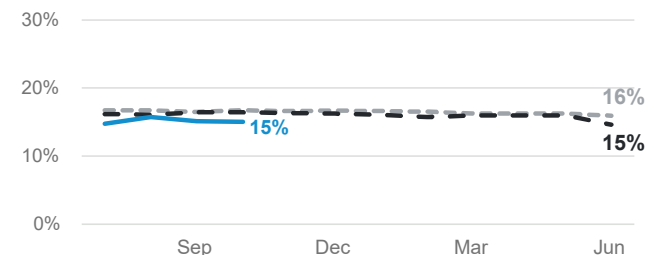
Retirement Eligibility (Early) Eligible Now



Retirement Eligibility (Full) Eligible Within 5 Years



Retirement Eligibility (Early) Eligible Within 5 Years

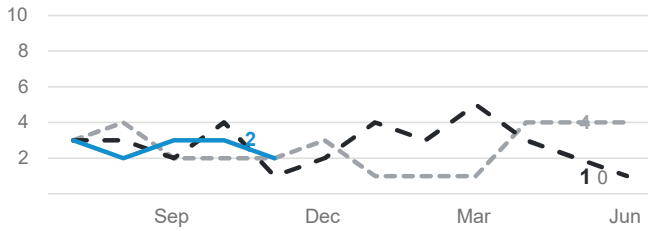


— This year (FY25)
 - - Last year (FY24)
 FY23 - -

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

Emergency and Coordinated Responses

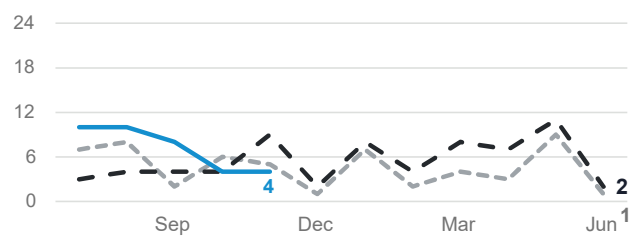
of cross-departmental coordinated responses, exercises and drills



Maintain Best in Class Operating Environment Safety for Employees

Occupational Injuries

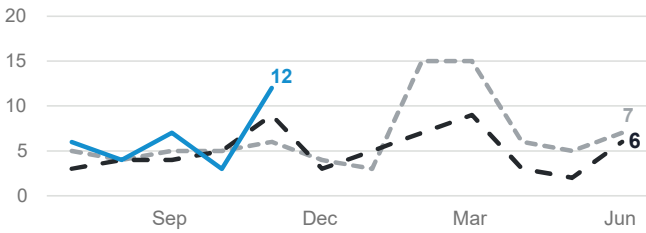
of occupational injuries that occurred



Secure Commission's Critical Infrastructure

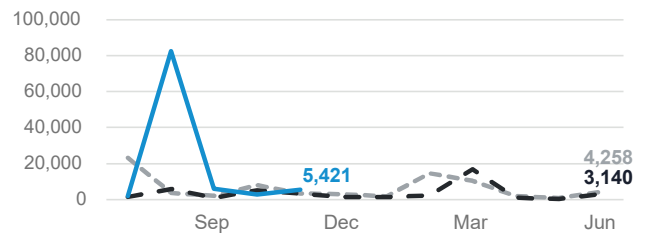
Sanitary Sewer Overflows

of sanitary sewer overflows per month



Sanitary Sewer Overflow Volume

Total gallons of sanitary sewer overflows per month



BUDGET SUMMARIES

COMPARATIVE EXPENSES

Comparative Expenses by Fund

(\$ in thousands)	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual*	FY 2025 Approved	FY 2026 Proposed	FY 2026 Over/(Under) FY 2025	% Change
Operating Funds							
Water Operating	\$ 339,252	\$ 367,236	\$ 415,262	\$ 469,643	\$ 524,122	\$ 54,479	11.6 %
Sewer Operating	423,829	455,358	486,946	544,416	609,250	64,834	11.9 %
General Bond Debt Service	10,720	9,165	7,035	5,744	2,596	(3,148)	(54.8)%
Total Operating	\$ 773,801	\$ 831,759	\$ 909,243	\$ 1,019,803	\$ 1,135,968	\$ 116,165	11.4 %
Capital Funds							
Water Supply Bond	\$ 138,613	\$ 182,016	\$ 204,564	\$ 408,667	\$ 350,064	\$ (58,603)	(14.3)%
Sewer Disposal Bond	238,063	220,636	202,934	340,807	312,733	(28,074)	(8.2)%
General Construction*	21,131	33,740	2,663	41,793	34,018	(7,775)	(18.6)%
Total Capital	\$ 397,807	\$ 436,392	\$ 410,161	\$ 791,267	\$ 696,815	\$ (94,452)	(11.9)%
Grand Total	\$ 1,171,608	\$ 1,268,151	\$ 1,319,404	\$ 1,811,070	\$ 1,832,783	\$ 21,713	1.2 %

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

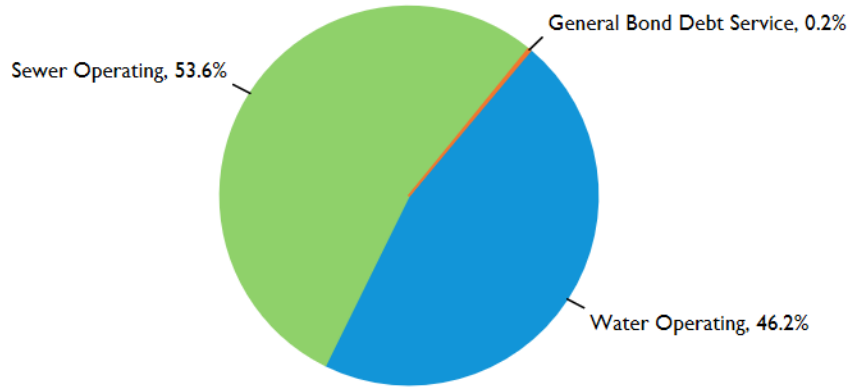
Comparative Expenses by Major Expense Category

(\$ in thousands)	FY 2024 Actual			FY 2025 Approved			FY 2026 Proposed		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Expense Categories									
Salaries & Wages	\$ 31,381	\$ 141,282	\$ 172,663	\$ 32,120	\$ 158,996	\$ 191,116	\$ 42,194	\$ 200,396	\$ 242,590
Heat, Light & Power	-	22,079	22,079	302	27,291	27,593	303	29,215	29,518
Regional Sewage Disposal	-	79,822	79,822	-	76,908	76,908	-	83,661	83,661
Contract Work	245,931	-	245,931	512,237	-	512,237	383,031	-	383,031
Consulting Engineers	33,838	-	33,838	83,705	-	83,705	117,541	-	117,541
Debt Service	-	343,480	343,480	-	365,449	365,449	-	373,801	373,801
All Other	99,011	322,580	421,591	162,903	391,159	554,062	153,746	448,895	602,641
Grand Total	\$ 410,161	\$ 909,243	\$ 1,319,404	\$ 791,267	\$ 1,019,803	\$ 1,811,070	\$ 696,815	\$ 1,135,968	\$ 1,832,783

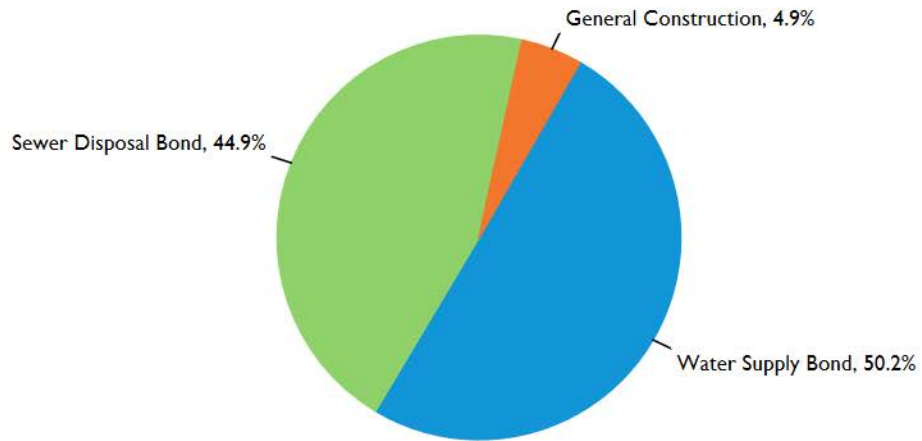
FY 2026 PROPOSED BUDGET BY FUND

Grand Total = \$1,832,783

\$ in thousands

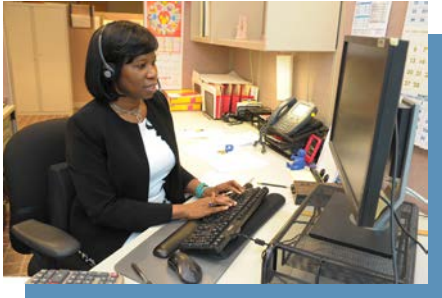


Operating Funds = \$1,135,968



Capital Funds = \$696,815

HOW EACH OPERATING DOLLAR IS SPENT



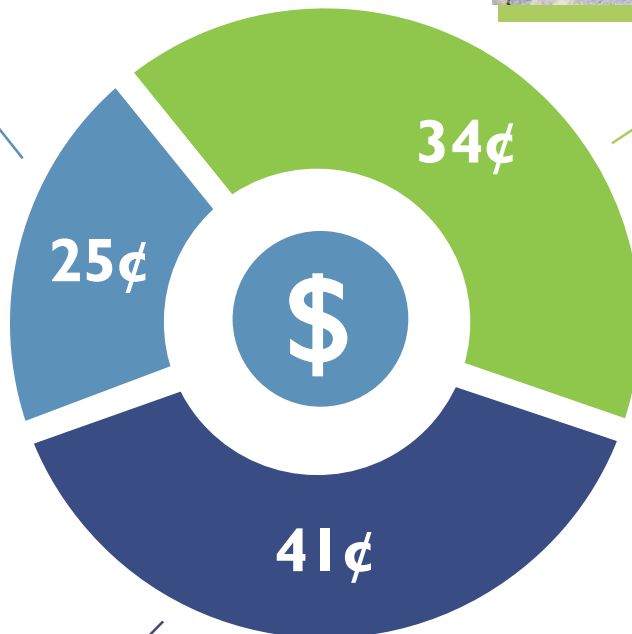
People

- 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 or pipes and facilities



REVENUE AND EXPENSE TRENDS

Water & Sewer Operating Funds - Combined

(\$ in thousands)	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Revenues					
Water Consumption Charges	\$ 316,386	\$ 331,002	\$ 356,194	\$ 363,662	\$ 402,766
Sewer Use Charges	392,648	418,435	445,529	445,443	492,219
Account Maintenance Fees	30,597	34,888	37,846	59,964	69,684
Infrastructure Investment Fees	37,726	43,269	46,610	74,839	86,016
Plumbing and Inspection Fees	19,491	20,513	20,975	21,356	22,610
Rockville Sewer Use	3,289	3,879	4,507	3,300	4,500
Grants Revenue	2,220	2,743	3,790	2,500	3,171
Miscellaneous	25,052	25,069	28,827	27,251	27,800
Interest Income	1,120	14,924	27,996	8,860	14,000
Uncollectible	-	-	-	(7,901)	(4,961)
Cost Sharing Reimbursement/Natural Gas Sales	-	-	-	7,013	7,795
Total Operating Revenues	\$ 828,529	\$ 894,722	\$ 972,274	\$ 1,006,287	\$ 1,125,600
Other Credits and Transfers					
Reconstruction Debt Service Offset	6,000	-	(20,000)	-	-
SDC Debt Service Offset	5,772	5,772	5,772	5,772	5,772
Premium Transfer	-	2,503	-	-	-
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000
Total Funds Available	\$ 842,301	\$ 904,997	\$ 960,046	\$ 1,014,059	\$ 1,133,372
Expenses					
Salaries & Wages	\$ 125,788	\$ 127,044	\$ 140,325	\$ 158,146	\$ 199,283
Heat, Light & Power	21,014	22,390	22,079	27,278	29,200
Regional Sewage Disposal	60,751	71,025	79,822	76,908	83,661
Debt Service					
Principal Payments	155,358	162,080	193,516	211,311	217,921
Interest Payments	124,899	138,013	144,811	150,657	155,880
PAYGO	27,585	31,016	44,000	50,601	93,000
All Other	247,686	271,026	277,656	339,158	354,427
Total Expenses	\$ 763,081	\$ 822,594	\$ 902,209	\$ 1,014,059	\$ 1,133,372

REVENUE AND EXPENSE TRENDS (Continued)

General Bond Debt Service Fund

(\$ in thousands)	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Operating Revenues					
Front Foot Benefit & House Connection	\$ 8,674	\$ 6,998	\$ 5,685	\$ 2,823	\$ 2,772
Interest Income	51	256	300	-	-
Miscellaneous	219	203	101	210	200
Total Operating Revenues	\$ 8,944	\$ 7,457	\$ 6,086	\$ 3,033	\$ 2,972
Other Credits and Transfers					
Reconstruction Debt Service Offset	6,000	-	20,000	-	-
Use of Fund Balance	(6,000)	-	-	-	-
Total Funds Available	\$ 8,944	\$ 7,457	\$ 26,086	\$ 3,033	\$ 2,972
Expenses					
Salaries & Wages	\$ 894	\$ 874	\$ 958	\$ 850	\$ 1,113
Heat, Light & Power	-	-	-	13	15
All Other	869	826	922	1,400	1,468
Subtotal	\$ 1,763	\$ 1,700	\$ 1,880	\$ 2,263	\$ 2,596
Debt Service					
Principal Payments	4,721	3,304	4,372	1,953	-
Interest Payments	4,236	4,161	782	1,528	-
Subtotal	\$ 8,957	\$ 7,465	\$ 5,154	\$ 3,481	\$ -
Total Expenses	\$ 10,720	\$ 9,165	\$ 7,034	\$ 5,744	\$ 2,596

REVENUE AND EXPENSE TRENDS (Continued)

Capital Funds

(\$ in thousands)	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Funds Provided					
Bonds and Notes Issues/Cash on Hand	\$ 407,182	\$ 414,795	\$ 510,537	\$ 637,772	\$ 525,771
PAYGO	19,933	31,016	12,956	50,601	93,000
Federal & State Grants	16,974	5,697	4,959	30,720	43,326
System Development Charge	3,402	9,635	12,484	49,926	25,097
Other Contributions	7,614	10,158	9,271	22,248	9,621
Total Capital Funds	\$ 455,105	\$ 471,301	\$ 550,207	\$ 791,267	\$ 696,815
Expenses					
Salaries & Wages	\$ 27,647	\$ 27,997	\$ 31,381	\$ 32,120	\$ 42,194
Heat, Light & Power	-	-	-	302	303
Contract Work	251,913	268,792	245,931	512,237	383,031
Consulting Engineers	42,322	43,531	33,838	83,705	117,541
All Other	75,925	96,072	99,011	162,903	153,746
Total Capital Expenses	\$ 397,807	\$ 436,392	\$ 410,161	\$ 791,267	\$ 696,815

SECTION 2
PROPOSED RATES, FEES AND CHARGES

PROPOSED RATES, FEES AND CHARGES

Presented in this section are the Fiscal Year (FY) 2026 proposed variable and fixed rates, as well as fees and charges that will be effective July 1, 2025. 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

9.8% Average Water and Sewer Revenue Enhancement

	FY 2026 Proposed (\$ in thousands)
FUNDING SOURCES	
<u>Revenues (estimates)</u>	
Consumption Charges	\$ 815,105
Account Maintenance Fees (AMF)	63,464
Infrastructure Investment Fees (IIF)	78,339
Uncollectible	(4,961)
<u>Other Revenues</u>	
Interest Income	14,000
Miscellaneous Revenues	65,876
Subtotal	\$ 1,031,823
<u>Other Credits and Transfers</u>	
Systems Development Charges (SDC) Debt Service Offset	5,772
Underwriters Discount Transfer	2,000
Total Funding Sources	\$ 1,039,595
EXPENSES	
Operating, Maintenance & Support Services Expenses	666,571
Debt Service	373,801
Pay-As-You-GO (PAYGO)	93,000
Total Expenses	\$ 1,133,372
Shortfall to be Covered by Revenue Enhancement	<u>\$ (93,777)</u>
Proposed Average Water and Sewer Rate Increase (Shortfall divided by Consumption Charges, AMF and IIF)	<u>9.8 %</u>

The FY 2026 Proposed Budget calls for a combined 9.8% average increase in water consumption and sewer use revenues, AMF and IIF. This proposed increase exceeds the 9.0% Spending Affordability Guidelines (SAG) limit recommended by Prince George’s County but is below the 10.2% 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, 2025

Average Daily Consumption by Customer Unit During Billing Period (Gallons Per Day)	FY 2026 July 1, 2025 Proposed		Total
	Water Rates	Sewer Rates	Combined
	Per 1,000 Gallons		
0 - 80.9999	\$ 7.35	\$ 9.75	\$ 17.10
81 - 165.9999	8.30	10.83	19.13
166 - 275.9999	9.55	13.59	23.14
276 & Greater	11.20	17.95	29.15

Proposed Flat Rate Sewer Charge - \$167.00 per quarter

Current Rate Schedule

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

Approved Flat Rate Sewer Charge - \$152.00 per quarter

QUARTERLY CUSTOMER BILLS AT VARIOUS CONSUMPTION LEVELS

Meter Size	Average Daily Consumption (Gallons Per Quarter)	Approved FY 2022	Approved FY 2023	Approved FY 2024	Approved FY 2025	Proposed FY 2026	% Increase
3/4" Residential Meter	100 (9,125 gal/qtr)	\$ 152.48	\$ 162.42	\$ 173.77	\$ 197.92	\$ 217.32	9.8%
3/4" Residential Meter	145 (13,231 gal/qtr)	213.79	227.71	243.96	269.45	295.86	9.8%
3/4" Residential Meter	500 (45,625 gal/qtr)	888.79	946.56	1,012.72	1,057.11	1,160.71	9.8%
2" Meter	1,000 (91,250 gal/qtr)	2,110.76	2,248.01	2,405.15	2,614.45	2,870.67	9.8%
3" Meter	5,000 (456,250 gal/qtr)	10,853.51	11,559.50	12,367.29	13,145.49	14,433.75	9.8%
6" Meter	10,000 (912,500 gal/qtr)	22,001.19	23,432.35	25,069.80	26,702.98	29,319.87	9.8%

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

ACCOUNT MAINTENANCE FEES

Proposed For Implementation July 1, 2025

Meter Size	FY 2025 Current Quarterly Charges	FY 2026 Proposed Quarterly Charges
<u>Small Meters</u>		
5/8" to 1"	\$ 30.08	\$ 33.03
<u>Large Meters</u>		
1-1/2"	30.08	33.03
2"	50.78	55.76
3"	124.10	136.26
4"	267.01	293.18
6"	289.56	317.94
8"	376.06	412.91
10"	462.55	507.88
<u>Detector Check Meters</u>		
2"	62.06	68.14
4"	332.83	365.45
6"	479.48	526.47
8"	866.82	951.77
10"	1,190.22	1,306.86
<u>Fire Service Meters</u>		
4"	342.21	375.75
6"	550.92	604.91
8"	849.89	933.18
10"	1,282.34	1,408.01
12"	1,859.59	2,041.83

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

INFRASTRUCTURE INVESTMENT FEES

Proposed For Implementation July 1, 2025

Meter Size	FY 2025 Current Quarterly Charges	FY 2026 Proposed Quarterly Charges
<u>Small Meters</u>		
5/8"	\$ 20.70	\$ 22.73
3/4"	22.56	24.77
1"	26.32	28.90
<u>Large Meters</u>		
1-1/2"	169.23	185.81
2"	347.86	381.95
3"	1,099.96	1,207.76
4"	1,528.66	1,678.47
6"	2,378.55	2,611.65
8"	5,349.35	5,873.59
10"	8,318.50	9,133.71
<u>Fire Service Meters</u>		
4"	938.26	1,030.21
6"	1,158.24	1,271.75
8"	4,745.77	5,210.86
10"	5,103.03	5,603.13
12"	9,803.66	10,764.42

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

SYSTEM DEVELOPMENT CHARGES

Proposed For Implementation July 1, 2025

SDC Category	FY 2025 Current Charges	FY 2026 Proposed Charges *	Current Maximum Allowable	Approved Maximum Allowable
Apartment				
Water	\$ 896	\$ 918	\$ 1,571	\$ 1,611
Sewer	1,140	1,169	1,999	2,049
1-2 toilets/residential				
Water	1,344	1,378	2,358	2,417
Sewer	1,710	1,753	2,996	3,071
3-4 toilets/residential				
Water	2,240	2,296	3,930	4,028
Sewer	2,850	2,921	5,000	5,125
5 toilets/residential				
Water	3,135	3,213	5,499	5,636
Sewer	3,991	4,091	7,000	7,175
6+ toilets/residential (per fixture unit)				
Water	88	90	156	160
Sewer	115	118	204	209
Non-residential (per fixture unit)				
Water	88	90	156	160
Sewer	115	118	204	209

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 2.5% change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for all items in the Washington, D.C. metropolitan area from November 2023 to November 2024

* For FY 2026, WSSC Water plans to increase SDC by 2.5%

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2025

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, 2025.

Fee/Charge Number and Name	Current	FY 2026 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	\$ 1,485	\$ 1,635	Yes
New Attached Dwellings (townhouses/multiplex excluding apartments)	1,485	1,635	Yes
<u>All Other Residential</u>			
Water/Well Hookup	155	165	Yes
Meter Yoke Inspection (meter only installation)	155	165	Yes
Water Hookup Converting from Well (includes 2 inspections)	310	335	Yes
Sewer/Septic Hookup	155	165	Yes
First Plumbing Fixture	155	165	Yes
Each Additional Fixture	80	85	Yes
SDC Credit Fixture Inspection (per fixture)	65	70	Yes
Minimum Permit Fee	275	295	Yes
Permit Reprocessing Fee	75	80	Yes
Long Form Permit Refund Fee	275	295	Yes
Long Form Permit Re-Issue Fee	275	295	Yes
<u>All Non-Residential</u>			
<u>Plan Review without Permit Application</u>			
25 Fixtures or Less	650	715	Yes
26-200 Fixtures	3,230	3,555	Yes
Over 200 Fixtures	7,100	8,165	Yes
<u>2nd or 3rd Review (with or without permit application)</u>			
25 Fixtures or Less	260	285	Yes
26-200 Fixtures	730	805	Yes
Over 200 Fixtures	1,700	1,955	Yes
Water/Well Hookup	285	310	Yes
Meter Yoke Inspection (meter only installation)	285	310	Yes
Sewer/Septic Hookup	285	310	Yes
FOG Interceptor	285	310	Yes
First Plumbing Fixture	285	310	Yes
Each Additional Fixture	80	85	Yes
SDC Credit Fixture Inspection (per fixture)	70	75	Yes
Minimum Permit Fee	400	430	Yes
Permit Reprocessing Fee	80	85	Yes
<u>Other Services</u>			
Permit Consulting Fee	155	165	Yes
IB Long Form Permit Refund Fees			
Long Form Permit Refund Fee	400	430	Yes
Long Form Permit Re-Issue Fee	400	430	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2025

Fee/Charge Number and Name	Current	FY 2026 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)	\$ 145	\$ 150	Yes
Registration Renewal (for 2 years)	120	120	No
Late Registration Renewal	70	75	Yes
<u>Examined Master License (Plumber, Gasfitter, Plumber/Gasfitter):</u>			
Initial Registration of a License (for 4 years)	155	160	Yes
Registration Renewal (for 4 years)	155	160	Yes
Late Registration Renewal	75	80	Yes
Cross-connection Technician Registration	40	40	No
Sewer and Drain Registration and Renewal (for 2 years)	65	70	Yes
Sewer and Drain Late Renewal Fee	30	35	Yes
<u>Journeyman License Registration</u>			
Initial Registration per type (for 2 years)	50	55	Yes
Registration Renewal (for 2 years)	50	55	Yes
Late Registration Renewal	30	30	No
License Transfer Fee	30	30	No
License Replacement Fee	20	25	Yes
<u>Apprentice License Registration:</u>			
Apprentice License Registration (Lifetime)	15	20	Yes
3 Short Form Permit Fee for Initial, Reinspection and Reactivation Types (Up to 3 fixtures and Non-Refundable)	160	165	Yes
4 Long Form Permit Transfer Fee (with inspection)	225	245	Yes
5 Tapper License Fees			
Permit Fee	360	380	Yes
Duplicate	45	50	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	4,390	5,050	Yes
Pipeline (per foot)	10	11	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2025

Fee/Charge Number and Name	Current	FY 2026 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)	23,295	24,905	Yes
3,000 gallons & up (per vehicle)	42,050	42,050	No
January thru June (50% of fee)	50% of fee	50% of fee	No
Waste Hauler Discharge Permit Transfer Fee	185	205	Yes
Industrial/Special Waste Disposal Fee (per 1,000 gallons)	400	405	Yes
Zero Discharge Permit Fee	185	205	Yes
Temporary Discharge Permit Fee <u>plus</u> sewer rate per 1,000 gallons	265	-	Delete
Sewer Rate - Hauled Waste (1,000 gallons of truck capacity)	50	50	No
9 Industrial Discharge Control Program Fees By Category			
<u>Industrial Users Subject to Categorical Pretreatment Standards</u>			
Less than 5,000 gpd (double visit)	8,190	9,010	Yes
Greater than 5,000 gpd (double visit)	12,545	13,800	Yes
Non-Discharging Categorical Industries (zero discharge)	2,210	2,430	Yes
<u>Significant Industrial Users</u>			
Less than 25,000 gpd (single visit - priority pollutant sampling)	8,190	9,010	Yes
Greater than 25,000 gpd (double visit - priority pollutant sampling)	12,545	13,800	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)	9,740	10,715	Yes
Significant Industrial User - Renewal (for 4 years)	4,775	5,255	Yes
Zero-Discharge Initial CIU Permit (for 4 years)	3,695	4,065	Yes
Zero-Discharge Renewal CIU Permit (for 4 years)	2,465	2,710	Yes
Temporary Discharge Permit (non-SIU)	9,740	10,715	Yes
11 Discharge Fees - Food Service Establishment			
Full Permit FSE	650	745	Yes
BMP Permit FSE	185	220	Yes
12 Cross Connection Fees			
Test Report Fee (per report)	55	60	Yes
Base Fee for High Hazard Commercial Water Customer (per month)	25	28	Yes
Base Fee for All Other Commercial Water Customer (per month)	12.50	14.00	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2025

Fee/Charge Number and Name	Current	FY 2026 Proposed	Charge Change
METERS AND RELATED SERVICES			
13 Small Meter Replacement Fee (at Customer Request)	\$ 220	\$ 225	Yes
14 Meter Replacement Fees (Damaged or Stolen Meter)			
5/8" w/ touch pad (inside w/remote)	200	200	No
5/8" w/ pit pad (outside w/o remote)	140	210	Yes
5/8 Meter - pad encoder	135	135	No
5/8" x 3/4" w/ touch pad (inside w/ remote)	135	200	Yes
3/4" w/ touch pad (inside w/ remote)	240	240	No
3/4" w/ pit pad (outside w/o remote)	165	240	Yes
1" w/ touch pad (inside w/ remote)	305	305	No
1" w/ pit pad (outside w/o remote)	320	320	No
1" Kamstrup Meter, UT	370	370	No
1 1/2" Badger Flanged Meter	670	795	Yes
1 1/2" Flanged Meter	710	860	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	New
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	4,725	4,755	Yes
4" Detector Check	3,630	3,730	Yes
6" Detector Check	4,235	4,340	Yes
8" Detector Check 10"	5,455	5,585	Yes
Detector Check	6,845	6,980	Yes
12" Detector Check	22,790	22,950	Yes
4" Fire Service Meter	8,650	8,700	Yes
6" Fire Service Meter	10,560	10,705	Yes
8" Fire Service Meter	13,050	13,205	Yes
10" Fire Service Meter	14,970	15,130	Yes
12" Fire Service Meter	20,980	21,140	Yes
5/8" Ultra Sonic	440	450	Yes
5/8" Ultra Spuds	-	450	New
3/4" Ultra Sonic	520	530	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	New
4" Octave FM	-	4,200	New
6" Octave UT L=45	6,110	6,110	No
8" Octave UT L=53	10,145	10,275	Yes
10" Octave UT L=68	13,575	13,710	Yes
15 Meter Testing Fees			
5/8" to 1"	265	280	Yes
1-1/2"	435	450	Yes
2" and up	485	500	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2025

Fee/Charge Number and Name	Current	FY 2026 Proposed	Charge Change
METERS AND RELATED SERVICES (Continued)			
16 Sub-Meter Installation Fees			
One-time Sub-Meter Charge - Small	\$ 260	\$ 280	Yes
One-time Sub-Meter Charge - Large	525	565	Yes
One-time Inspection Fee	115	130	Yes
17 Water Turn-Off, Turn-On Fees			
A. Customer Requested - Water Turn-Off, Turn-On Fees			
Small Meter Turn-Off	60	65	Yes
Small Meter Turn-On	95	100	Yes
Large Meter Turn-Off	205	220	Yes
Large Meter Turn-On	235	255	Yes
B. WSSC Water Scheduled Action - Water Turn-Off, Turn-On Fees			
Small Meter Turn-On	140	145	Yes
Large Meter Turn-On	415	450	Yes
18 Call Back Fee (small meters, plumbers)	95	110	Yes
19 Call Back Fee (large meters, plumbers)	355	385	Yes
20 Missed Appointment Fees for Meter Servicing/ Restoration of Service			
First Missed Appointment or Restoration of Service Turn-On	120	140	Yes
Each Additional Missed Appointment	120	140	Yes
21 Meter Reinstallation Correction Fee	385	385	No
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	130	150	Yes
24 Warehouse Restocking Fee	85	90	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2025

Fee/Charge Number and Name	Current	FY 2026 Proposed	Charge Change
FIRE HYDRANT SERVICES			
25 Temporary Fire Hydrant Connection Fees			
<u>3/4" Meter - Deposit</u>			
3/4" Meter Deposit	\$ 380	\$ 410	Yes
<u>3" Meter - Deposit</u>			
3" Meter Deposit	2,420	2,420	No
<u>Service Charge</u>			
2 Weeks or Less (3/4" meter)	105	115	Yes
2 Weeks or Less (3" meter)	130	130	No
Over 2 Weeks (3/4" and 3" meters)	175	190	Yes
Water Consumption - 3/4" meter (Minimum charge or Tier 4 rate per 1,000 gallons flat rate)	35	40	Yes
Water Consumption - 3" meter (Minimum charge or Tier 4 rate per 1,000 gallons flat rate)	240	240	No
Late Fee for Return of Meter (per day)	10	10	No
Fee on Unpaid Temporary Fire Hydrant Billings	1.5% per month	1.5% per month	No
Loss/Destruction of Meter	Replacement cost	Replacement cost	No
Loss/Destruction of Wrench	40	40	No
26 Truck Inspection Fee with Attached Fire Hydrant Meter (for 2 years)	50	55	Yes
27 Fire Hydrant Flow Test Fees			
No Current Test	730	755	Yes
Current Test	80	80	No

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2025

Fee/Charge Number and Name	Current	FY 2026 Proposed	Charge Change
DEVELOPMENT SERVICES			
28 Feasibility Review Fees (WSSC Water Built)			
Feasibility Submission Fee (non-refundable)	\$ 2,140	\$ 2,355	Yes
Feasibility Review & Report Fee Deposit (can be deferred as deficit when extension is completed)	19,105	21,015	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	12,500	12,555	Yes
Development is 10 Residential Units or Less	7,650	8,050	Yes
31 Hydraulic Planning Analysis and System Planning Forecast			
Basic Project Category (per Development Services Code)	7,220	9,605	Yes
Moderate Project Category (per Development Services Code)	10,070	13,395	Yes
Complex Project Category (per Development Services Code)	12,275	16,325	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)	2,270	3,020	Yes
Extra Review Major/Splitting (additional reviews of unsigned or signed plans per review)	4,535	6,030	Yes
<u>Per Site Utility/Minor Utility Additional Unsigned or Signed Plan Review</u>			
Site Utility (per review)	2,350	2,540	Yes
Minor Site Utility (per review)	610	670	Yes
<u>Per Hydraulic Planning Analysis/Systems Planning Forecast Application</u>			
Additional Review of Required Data - HPA/SPF/Non-DR Developer (per review)	1,510	2,010	Yes
33 In-House Design Deposit	Deposit	Deposit	No
34 Partial Certificate of Sustantial Completion Release Fee (up to 50% of construction)	1,770	1,910	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	2,430 water and/or sewer connection	No
37 Government Referred Plan Review			
Major Development - Over 10 Units	1,845	1,995	Yes
Minor Development - 10 or Less Units	790	855	Yes
Re-Review Fee for Major Development	790	855	Yes
Re-Review Fee for Minor Development	395	425	Yes
38 Pre-Screen Fee All Development Services Division Plan Types	410	445	Yes
Plumbing/Fuel Gas Plans Reviews Pre-Screen Fee	190	195	Yes
39 Site Utility (On-site) Review Fees			
Base Fee	4,875	5,365	Yes
Additional Fee per 100 feet	445	480	Yes
Minor (Waived) Site Utility (On-Site) Fee	1,660	1,795	Yes
40 Name/Transfer of Ownership Change Fee	350	380	Yes
41 Variance Review Fee	1,500	1,650	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2025

Fee/Charge Number and Name	Current	FY 2026 Proposed	Charge Change
PIPELINE, ENGINEERING AND ENVIRONMENTAL SERVICES			
42 Shutdown/Charge Water Main Fee	\$ 1,275	\$ 1,375	Yes
Shutdown Complex Water Main Fee	2,895	3,910	Yes
43 Review and Inspection Fees for Site Work Potentially Impacting WSSC Water Pipelines			
Minor Project Review - Simple Relocation	410	420	Yes
Complex Review / Non-DR Developer Review	5,590	5,760	Yes
Inspection for Site Work - Minor Adjustment / Non-DR Developer (per inspection)	285	735	Yes
Design Review Major Projects - Requiring New MOU	-	12,500	New
Initial/ Simple Review - Simple Relocation	-	2,740	New
44 Relocation Fee			
Inspection for MOU project (minimum charge up to 4 hours)	600	-	Delete
45 Connection Abandonment Fees			
County Roads (except Arterial Roads) - Water	1,765	2,120	Yes
County Roads (except Arterial Roads) - Sewer	2,245	2,695	Yes
State Roads and County Arterial Roads - Water	2,125	2,550	Yes
State Roads and County Arterial Roads- Sewer	2,640	3,170	Yes
46 Chlorination Confirmation Test Fee (per first test)	260	265	Yes
Re-Test or Additional Tests (per hour)	200	215	Yes
47 Re-Test or Additional Tests Chlorination and Pressure Test (per test)	200	215	Yes
Inspector Overtime (per hour)	210	225	Yes
48 Review Fee for Additional Reviews of Contract Documents As-Builts (per hour)	206	206	No
49 Residential Outside Meter Housing Upgrade/Pipe Alteration	6,980	7,100	Yes
50 Utility Erosion and Sediment Control Permit Fees (per linear foot)			
Minor Projects (<125 linear foot OR less than 42 inch deep and 20 inch width)	0.45	0.45	No
Major Projects	0.45	0.45	No
Minimum Charge for Major Projects	120	120	No
51 Right-of Way Release (or Subordination) Review Fee (per document)	1,700	1,835	Yes
52 Right-of Way Acquisition and Condemnation for SEP Projects	Reimbursement	Reimbursement	No
53 Environmental Site Review Fee			
With Database Search Submitted by Applicant	485	535	Yes
54 Feasibility Report and Committee Review Fee for On-Site Takeover Projects	2,255	2,705	Yes

MISCELLANEOUS FEES AND CHARGES - PROPOSED FOR IMPLEMENTATION JULY 1, 2025

Fee/Charge Number and Name	Current	FY 2026 Proposed	Charge Change
PUBLICATIONS AND ADMINISTRATIVE			
55 Plans, Plats and 200' Reference Maps Copies			
Xerographic bond paper copy (per sheet)	\$ 5	\$ 10	Yes
56 WSSC Water Plumbing and Fuel Gas Code (Plumbing Code)			
Sale of Plumbing Regulation (per book)	60	65	Yes
57 Contract Specifications, Contract Specification Books, Drawings, Design Manuals, Standard Details and General Conditions			
<u>Construction Specifications/Drawings</u>			
Utility Contracts (up to \$20)	11 - 20	11 - 20	No
Facility Contracts (up to \$450)	40 - 450	40 - 450	No
Construction Standard Details	85	90	Yes
Construction General Conditions & Standard Specifications	90	95	Yes
SEP Construction General Conditions & Standard Specifications	90	95	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
58 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)			
59 WSSC Water Pipeline Design Manual Fee	95	95	No
60 WSSD Laws			
Bound Volume	85	90	Yes
Supplements	45	-	Delete
61 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, 2025

Fee/Charge Number and Name	Current	FY 2026 Proposed	Charge Change
OTHER FEES AND CHARGES			
62 Watershed Regulation Violation Civil Citation Fines (State Mandated)			
First Offense	\$ 150	\$ 150	No
Each Additional Offense within Calendar Year	300	300	No
63 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
64 Lobbyist Registration Fee (Code of Ethics)	125	125	No
65 Dishonored Check Fee & Electronic Payment Fee (applies to all dishonored checks and dishonored electronic payments)	35	35	No
66 Credit Card Surcharge (Applies to customer payment of the Point-of-Sale fee/charge by credit card other than water and sewer billing)	2% of amount charged	2% of amount charged	No
67 Protest Filing Fee	926	1000	Yes
68 Preparation of Hold Harmless Agreement Fee	1,980	2,180	Yes
69 Connection Redemption Fee	20	50	Yes
70 Financial Disclosure Filer Late Fee (per day/\$500 max)	5	5	No

SECTION 3

JUSTICE, EQUITY, DIVERSITY AND INCLUSION

JUSTICE, EQUITY, DIVERSITY AND INCLUSION

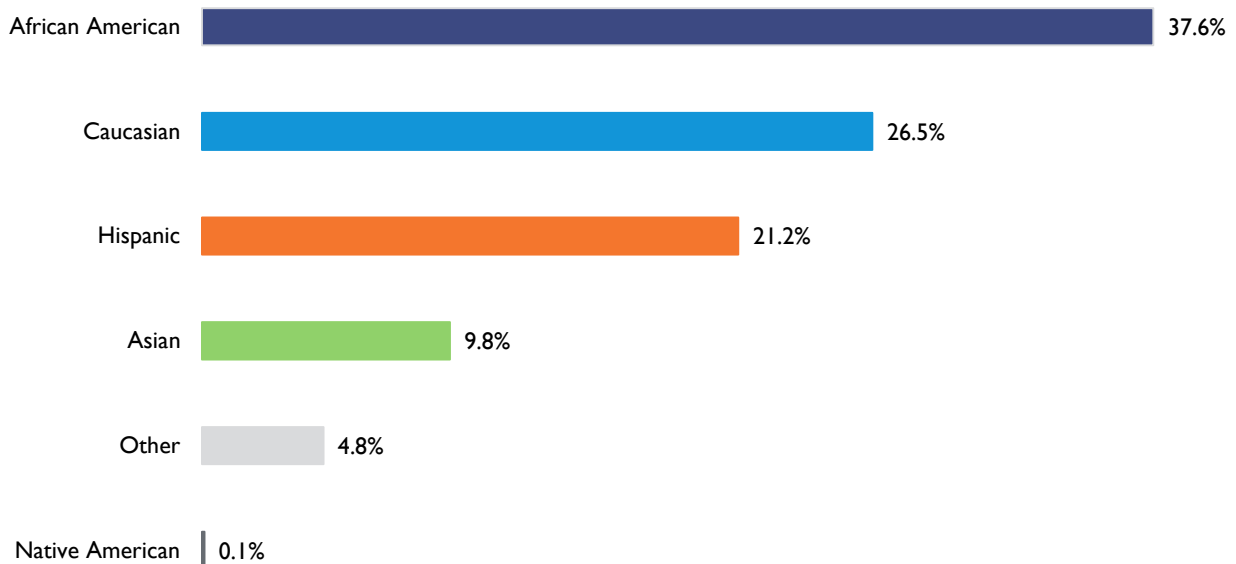
This section discusses Justice, Equity, Diversity and Inclusion (JEDI) topics related to WSSC Water’s operations, including demographics about our customer base, equity issues in the provision of water and sewer services, supplier diversity, workforce diversity and customer affordability. In addition, this section highlights future and existing JEDI programs supported by the Fiscal Year (FY) 2026 Proposed Budget and data related to these focus areas.

CUSTOMER DEMOGRAPHICS

WSSC Water provides water and sewer services to a diverse customer base of nearly 2.0 million residents across Montgomery and Prince George’s Counties. The demographic data presented in this section is based on combined 5-year data for Montgomery and Prince George’s Counties from the U.S. Census Bureau’s American Community Survey (www.census.gov). The data represents estimates for calendar year 2023, which is the latest year for which data is available, but is based on sampling data for calendar years 2019 through 2023 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 37.6% African American, 26.5% Caucasian, 21.2% Hispanic, 9.8% Asian, 4.8% 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, 31.0% of the population is under 25 years of age, 40.2% is between the ages of 25 and 54, and 28.8% is 55 years of age or older.

Age Bracket	Share of Population (%)
Under 5 Years	6.0%
5 to 14 Years	12.7%
15 to 24 Years	12.3%
25 to 34 Years	13.0%
35 to 44 Years	13.8%
45 to 54 Years	13.4%
55 to 64 Years	13.3%
65 to 74 Years	9.3%
75 to 84 Years	4.4%
85 Years and Over	1.8%
Total	100.0%

As shown in the table below, the median household income for Montgomery and Prince George’s Counties was \$115,549 in calendar year 2023. This compares favorably to the state-wide median household income of \$101,652 and the national median household income of \$78,538. This means that the median household income in the two Counties is approximately 13.7% higher than the state-wide figure and 47.1% higher than the national figure.

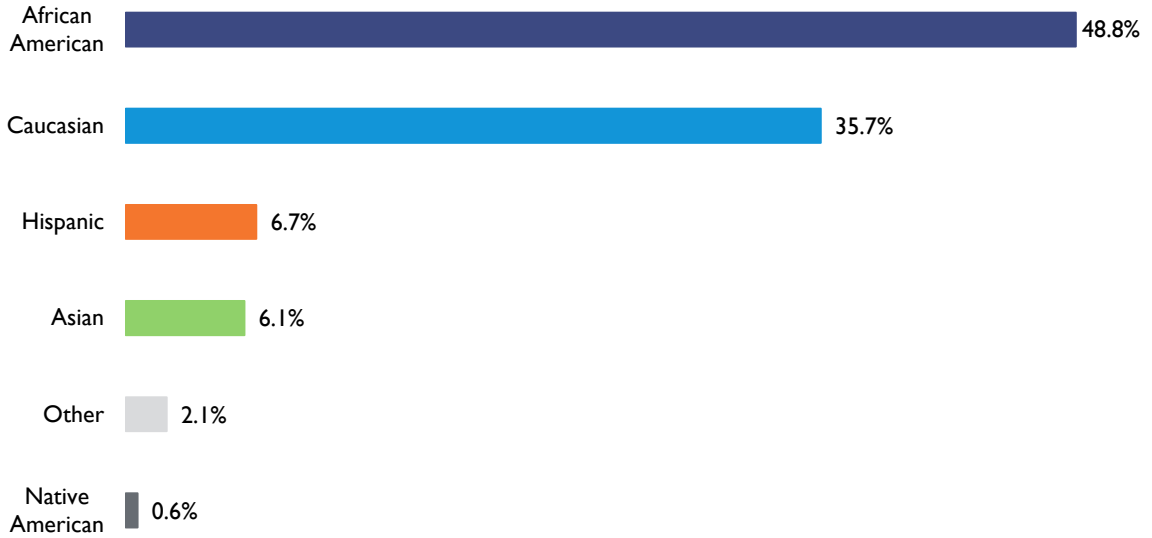
The table below also shows the percent of the population that is below the poverty level in Montgomery and Prince George’s Counties combined, the State of Maryland, and the United States. In Montgomery and Prince George’s Counties, approximately 8.6% of the population is below the poverty level. This is lower than the 9.3% figure for the State of Maryland and well below the national figure of 12.4%.

Region	Median Household Income	Population Below Poverty Level (%)
Montgomery & Prince George's Counties	\$ 115,549	8.6%
Maryland	\$ 101,652	9.3%
United States	\$ 78,538	12.4%

WSSC WATER WORKFORCE DIVERSITY

WSSC Water employs a diverse, majority-minority workforce. As shown in the chart below, as of June 30, 2023, the workforce is 48.8% African American, 35.7% Caucasian, 6.7% Hispanic, 6.1% 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 Equity, Engagement and Inclusion Division within the Human Resources Office.

Workforce by Race/Ethnicity



OFFICE OF SUPPLIER DIVERSITY & INCLUSION

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

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

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

In 2022 WSSC Water completed a Disparity Study which reviewed WSSC Water's Minority Business Enterprise Program and analyzed its activity with Minority and Women-owned Business Enterprise (M/WBE). The 2022 Disparity Study reached the following conclusions:

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

Since the adoption of the 2022 Disparity Study, WSSC Water has updated its MBE Regulations to identify remedies to address disparities with M/WBE firms. Additionally, as a part of its outreach activities, WSSC Water began conducting early outreach events to engage businesses in advance of solicitation advertisements. These early outreach events provide an opportunity for increased vendor engagement and relationship building among firms interested in working with WSSC Water.

OFFICE OF SUPPLIER DIVERSITY & INCLUSION (Continued)

MBE Program

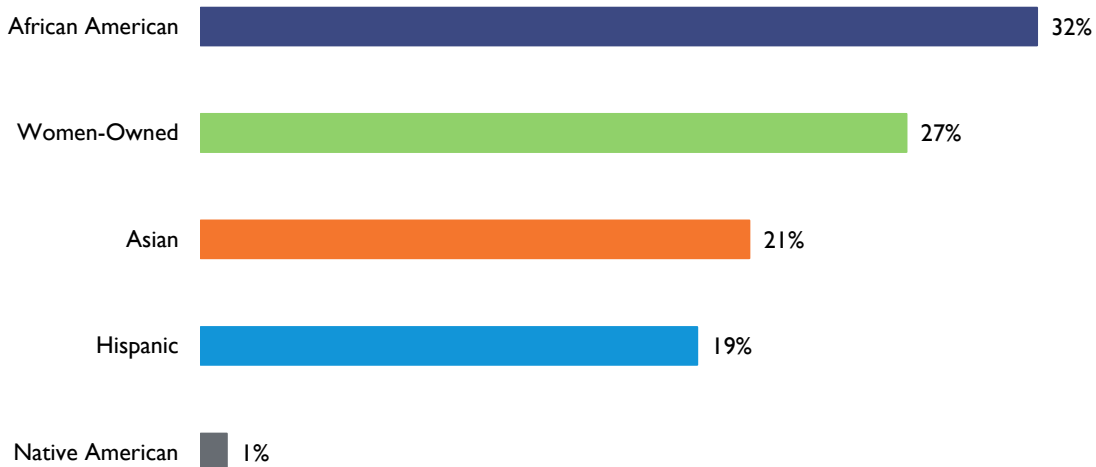
WSSC Water’s MBE Program was originally developed in 1978. For more than 40 years, the MBE Program has sought to promote fair and inclusive contract participation, provide greater access for diverse firms and produce educational content to further develop diverse businesses. The program seeks to eliminate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

In FY 2024, WSSC Water spent more than \$173.5 million with MBE firms. This represents 34% of the total contract payments in FY 2024 for architectural and engineering services, construction services, goods and general services and professional services. Approximately 83% of MBE payments in FY 2024 went to firms located in the State of Maryland or Washington D.C. and about 51% 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 \$1.7 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 (%)
2020	136,209,781	481,475,872	28%
2021	154,826,411	474,978,466	33%
2022	140,418,391	506,532,398	28%
2023	148,428,314	532,576,797	28%
2024	173,522,588	509,302,049	34%
Total	\$ 753,405,485	\$ 2,504,865,582	30%

The chart below shows the breakdown of the FY 2024 contract payments by the type of MBE firm that received the payments. As shown in the chart, African American firms received the largest share of the MBE contract payments with a 32% share.

Share of Contract Payments



OFFICE OF SUPPLIER DIVERSITY & INCLUSION (Continued)

MBE Program (Continued)

The MBE Program also tracks contract awards as they are a leading indicator of future contract payments to MBE firms. In FY 2024, WSSC Water awarded approximately \$157.3 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 32% of the approximately \$498.0 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 2024, approximately \$35.3 million was spent with SLBE firms for architectural and engineering services, construction services, goods and services and professional services. In addition, approximately \$38.7 million was awarded in contracts to SLBE firms in these four contracting areas in FY 2024.

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

OTHER JUSTICE, EQUITY, DIVERSITY AND INCLUSION INITIATIVES

WSSC Water has two other major JEDI initiatives that are currently underway. Examples of these initiatives are the effort to incorporate JEDI criteria into the capital project prioritization process and efforts to obtain external funding for projects located in disadvantaged communities throughout Montgomery and Prince George’s Counties.

Capital Project Prioritization Criteria

As part of the CIP process each year, the Asset Management Division prioritizes the projects in the CIP based on a predetermined set of criteria. The project needs validation process focuses on identifying the most effective solution based upon lifecycle costs, risk and level of service. The graphic below shows the six elements that make up the CIP prioritization criteria.

Project Needs Validation Process



The Asset Management Division identified and incorporated the JEDI factors, utilizing the identified methodology, into the CIP prioritization criteria for the FYs 2026-2031 CIP. The criteria aligned with the plans and policies of the Counties as a potential way to incorporate JEDI factors into the criteria. Both Montgomery and Prince George’s Counties have identified parts of their respective jurisdictions as focus areas based on JEDI or related criteria. Montgomery County has designated portions of the County as equity focus areas based on factors such as high concentrations of minorities, low-income households and people aged 5 or older with lower levels of English language proficiency. Prince George’s County has established revitalization tax credit districts throughout the County based on factors such as median household income, residential density of an area, land use in an area, economic factors, and unemployment rates. We modified our scoring methodology and used it to prioritize the FY 2026 CIP budget.

External Funding for Disadvantaged Communities

The U.S. Environmental Protection Agency (EPA) provides federal funds to state governments for water and wastewater infrastructure through state revolving funds. In Maryland, the revolving funds are administered by the Maryland Water Infrastructure Financing Administration (MWIFA), which is part of the Maryland Department of the Environment (MDE). MWIFA is responsible for encouraging capital investment for drinking water and wastewater projects pursuant to the federal Clean Water Act of 1987 and the federal Safe Drinking Water Act and Amendments of 1996. MWIFA encourages capital

OTHER JUSTICE, EQUITY, DIVERSITY AND INCLUSION INITIATIVES (Continued)

External Funding for Disadvantaged Communities (Continued)

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 scoring criteria and financing terms offered by MWIFA prioritize projects that benefit underserved and overburdened communities. These communities are identified using MDE's Environmental Justice Tool, which incorporates demographic information, measures of exposure to environmental pollution and pollution effects, and health and other indicators.

The list below includes a brief description of the 9 projects/programs included in the applications submitted to MWIFA.

New Projects

- **Trunk Sewer Program** – Rehabilitation of trunk sewer pipes in environmentally sensitive areas (ESAs).
Benefits: Total Maximum Daily Loads (TMDLs) loading reductions / system reliability
- **Parkway Electrical Upgrades** – Upgrades to blowers, air compressors, influent pumping station, emergency power generation, transformers, and switchgear to improve energy efficiency and resilience to flooding.
Benefits: Energy conservation / climate resiliency
- **Western Branch WRRF Process Train Improvements** – Upgrades to process trains, main electrical substation, and emergency power generation.
Benefits: Climate resiliency / TMDL loading reductions (high flow mitigation)
- **Potomac Main Zone Pipeline Project** – Additional pumps in the High Zone pumping station to serve the Main Zone, new High Zone and Main Zone pumping station discharge pipes, and a new 84" discharge main; replacement of current 78" and 48" discharge mains once the new discharge main is in place.
Benefits: Water efficiency / conservation; energy conservation; redundancy
- **Energy Performance Program** – This program includes projects such as replacement or upgrade of water and wastewater process equipment, water and wastewater pumps, peak shaving and backup power generation systems, variable speed drives, HVAC equipment/systems, and lighting. Current projects include Piscataway WRRF blower system upgrades; Piscataway WRRF mixer replacement/upgrade; and Western Branch WRRF dewatering upgrades.
Benefits: Energy conservation / greenhouse gas emission reduction

Projects Previously Submitted

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

OTHER JUSTICE, EQUITY, DIVERSITY AND INCLUSION INITIATIVES (Continued)

External Funding for Disadvantaged Communities (Continued)

- **Water Main Reconstruction** – Six applications submitted for replacement of distribution-sized pipes <16” in diameter to improve service reliability and reduce real water loss.
Benefits: Water efficiency / conservation; energy conservation

WSSC WATER FINANCIAL ASSISTANCE PROGRAMS

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

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
PromisePay Contract*	\$ -	\$ -	\$ -	\$ 3,300,000	\$ 3,630,000
Customer Assistance Program	2,128,300	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
New Program TBD	-	-	-	-	525,000
CAP Leak Repair Program*				350,000	350,000
PipeER Program	100,000	100,000	100,000	200,000	200,000
Total Budget for Assistance Programs	\$ 3,440,300	\$ 3,512,000	\$ 3,512,000	\$ 7,762,000	\$ 8,867,000

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

These programs aim to tackle customer affordability from several different angles, depending on the specific needs of the customer. The above table shows the funding levels for these programs, individually and overall, from FY 2022 through FY 2026. As shown in the table, WSSC Water has increased the funding for its financial assistance programs by approximately 157.7% over the last several years, from about \$3.4 million in FY 2022 to \$8.9 million in FY 2026.

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

Customer Assistance Program

CAP provides financial assistance to approved residential customers via credits for WSSC Water’s fixed fees (the Account Maintenance Fee and the Infrastructure Investment Fee). The credits are capped for FY 2025 at \$52.64 per quarterly bill or \$210.56 per year, which is equivalent to the fees for a 3/4” meter. The cap will increase to \$57.80 per quarterly bill or \$231.20 per year in FY 2026. 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. Beginning July 1, 2024, and each fiscal year thereafter, at the end of the second fiscal year of enrollment, a CAP participant shall be unenrolled in the CAP program and recertify with the partner agency in order to be re-enrolled in the CAP program.

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 2024, there were 6,506 active accounts enrolled in the CAP. For FY 2024, a total of over \$1.0 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.

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

WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

Customer Assistance Program (Continued)

Income Eligibility Limits Effective July 1, 2024 to June 30, 2025 (Based on 200% of the Federal Poverty Level)		
Household Size	Maximum Gross Monthly Income Standards	Maximum Gross Annual Income Standards
1	\$ 2,510	\$ 30,120
2	3,407	40,880
3	4,303	51,640
4	5,200	62,400
5	6,097	73,160
6	6,993	83,920
7	7,890	94,680
8	8,787	105,440
For Each Additional Person, Add	897	10,760

PipeER Program



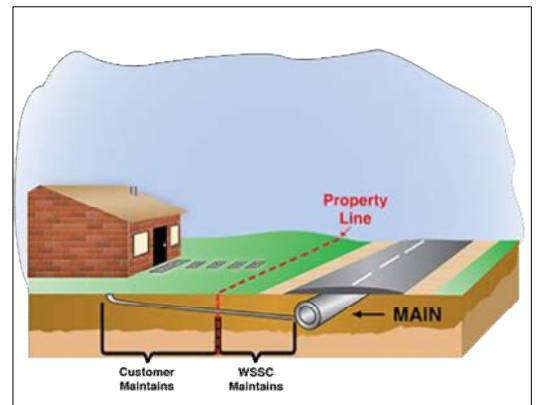
The PipeER Program, also known as the Connection Pipe Emergency Replacement Loan Program, provides loans to eligible residential customers to finance the replacement of their water and sewer service lines, which are located on their properties and connect WSSC Water’s main line to their home. The Program 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.

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

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



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 FINANCIAL ASSISTANCE PROGRAMS (Continued)

Bill Adjustments

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

- High bill adjustment (single-unit residential properties)
- One-time high bill adjustment (single-unit commercial properties)
- Leaks on property – underground leaks (residential or commercial, single or multi-unit)
- Underground leaks, off property (residential or commercial, single or multi-unit)
- Delayed collection action (single-unit residential and single-unit commercial)
- Charitable institutions
- Credits for customers with physical or mental impairment (single-unit residential)
- Fire or vandalism (residential or commercial, single or multi-unit)
- Public fountain use
- Discolored water or sod restoration (single/multi-unit residential)
- Unpaid previous owner charges (residential or commercial, single or multi-unit)
- Gasket leak on meter (residential or commercial, single or multi-unit)
- Illegal consumption (single-unit residential)
- Lining project (residential or commercial, single or multi-unit)
- Sewer only adjustment for water lost to a leak that does not enter the sewer system (residential or commercial, single or multi-unit)

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

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.

CAP Leak Repair Program

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

Water Fund Donation

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

WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

Water Fund Donation (Continued)

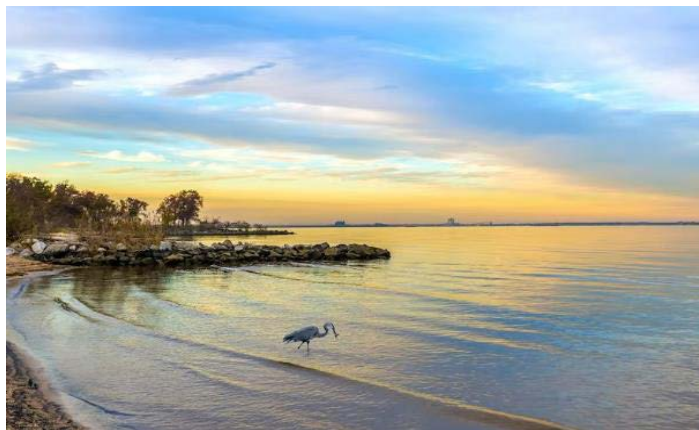
while The Salvation Army assists participants and manages the fund, which ensures that 100% of all donations go directly to those in need. Since 1994, the Water Fund, in partnership with The Salvation Army, has distributed more than \$3.2 million to help over 28,000 people throughout Montgomery and Prince George's counties. In FY 2024, the Water Fund provided water bill assistance to 2,849 people by disbursing more than \$441,000 in aid. Starting from FY 2026, WSSC Water will donate \$750,000 to assist even more customers.

Flexible Payment Options

WSSC Water offers flexible payment options, such as extended due dates and payment plans, to assist customers with unexpected financial hardships that cause them to have trouble paying their water and sewer bills. Customers that have been approved for CAP may also be eligible for a payment plan lasting up to 48 months. In partnership with Promise, WSSC Water announced the launch of PromisePay contract on September 6, 2023. This financial assistance program allows residential and commercial customers with past-due bills to establish affordable, flexible and interest-free payment plans. All residential and commercial customers with a past-due balance of \$50 or more are eligible. The PromisePay contract is funded with \$3.6 million in the FY 2026 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.

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

WSSC WATER BILL AFFORDABILITY

Federal Affordability Standard

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

Median Household Income

Based on 5-year data from the U.S. Census Bureau’s American Community Survey, the median household income for Montgomery and Prince George’s Counties was \$115,549 in calendar year 2023, which is the latest year for which data is available. Based on the FY 2026 proposed rates, WSSC Water’s average annual residential bill for water and sewer services at 145 gallons per day is approximately \$1,184. 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 1.0% of the median household income in FY 2026, absent any changes in household income between 2023 and 2026. This level is well below the 4.5% standard set by the EPA.

Median Household Income	Average WSSC Water Bill*	Share of Median Income
\$ 115,549	\$ 1,184	1.0%

Median household income figures from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2019-2023.

*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 2019 to FY 2023 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 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual
1-person Household	0.5%	0.6%	0.6%	0.5%	0.6%
2-person Household	0.4%	0.5%	0.5%	0.5%	0.5%
3-person Household	0.6%	0.6%	0.6%	0.6%	0.6%
4-person Household	0.7%	0.8%	0.8%	0.7%	0.8%
5-person Household	1.1%	1.0%	1.0%	1.0%	1.1%
6-person Household	1.4%	1.3%	1.3%	1.3%	1.4%
7-or-more Person Household*	1.7%	1.5%	1.6%	1.5%	1.6%

Median household income figures from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2015-2019, 2016-2020, 2017-2021, 2018-2022 and 2019-2023.

*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 \$26,356 per year. At this level of income, a three-person household would spend about 4.5% of their annual income on water and sewer services, which is equal to the 4.5% EPA affordability threshold. Therefore, WSSC Water’s average bill for water and sewer services is affordable for the average customer at the lower end of the household income distribution in Montgomery and Prince George’s Counties.

Quintile	Average Household Income	Average WSSC Water Bill*	Share of Average Income
First	\$ 26,356	\$ 1,184	4.5%
Second	71,826	1,184	1.6%
Third	116,287	1,184	1.0%
Fourth	177,031	1,184	0.7%
Fifth	365,441	1,184	0.3%

Average household income figures from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2019-2023.

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

Household Income Brackets

The table below shows a more detailed breakdown of household incomes in Montgomery and Prince George’s Counties and how the average WSSC Water bill for a three-person household compares to each income level. Looking at this more detailed breakdown, the average WSSC Water bill begins to exceed the EPA affordability threshold towards the upper bound of the fourth income bracket (\$20,000-\$24,999 per year). The income at which the 4.5% threshold is crossed for a three-person household is about \$26,311 per year. The first through fourth income brackets contain approximately 9.0% of households and the fifth contains about 1.9%, so the average bill for a three-person household would exceed the EPA threshold for fewer than 10.9% 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	26,814	3.7%	\$ 1,184	N/A	11.8%
10,000	14,999	14,085	1.9%	1,184	11.8%	7.9%
15,000	19,999	11,986	1.6%	1,184	7.9%	5.9%
20,000	24,999	13,494	1.8%	1,184	5.9%	4.7%
25,000	29,999	13,561	1.9%	1,184	4.7%	3.9%
30,000	34,999	15,941	2.2%	1,184	3.9%	3.4%
35,000	39,999	16,490	2.3%	1,184	3.4%	3.0%
40,000	44,999	16,044	2.2%	1,184	3.0%	2.6%
45,000	49,999	16,894	2.3%	1,184	2.6%	2.4%
50,000	59,999	34,496	4.7%	1,184	2.4%	2.0%
60,000	74,999	55,728	7.6%	1,184	2.0%	1.6%
75,000	99,999	86,482	11.8%	1,184	1.6%	1.2%
100,000	124,999	79,759	10.9%	1,184	1.2%	0.9%
125,000	149,999	62,938	8.6%	1,184	0.9%	0.8%
150,000	199,999	95,783	13.1%	1,184	0.8%	0.6%
200,000	N/A	171,972	23.5%	1,184	0.6%	N/A
Total		732,467	100.0%			

Income bracket information from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2019-2023.

*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 \$30,120. For a three-person household, the income limits increase to \$51,640. 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 \$231.20 in assistance will be available in FY 2026 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 \$1,184 per year to \$953 per year. The income at which the 4.5% threshold is crossed for a three-person household would similarly decrease from about \$26,311 per year to \$21,178 per year. Consequently, the percentage of households for which the average three-person bill would exceed the EPA threshold would drop to 9.0%, from the previous figure of less than 10.9%. 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	26,814	3.7%	\$ 953	N/A	9.5%
10,000	14,999	14,085	1.9%	953	9.5%	6.4%
15,000	19,999	11,986	1.6%	953	6.4%	4.8%
20,000	24,999	13,494	1.8%	953	4.8%	3.8%
25,000	29,999	13,561	1.9%	953	3.8%	3.2%
30,000	34,999	15,941	2.2%	953	3.2%	2.7%
35,000	39,999	16,490	2.3%	953	2.7%	N/A

Income bracket information from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2019-2023.

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

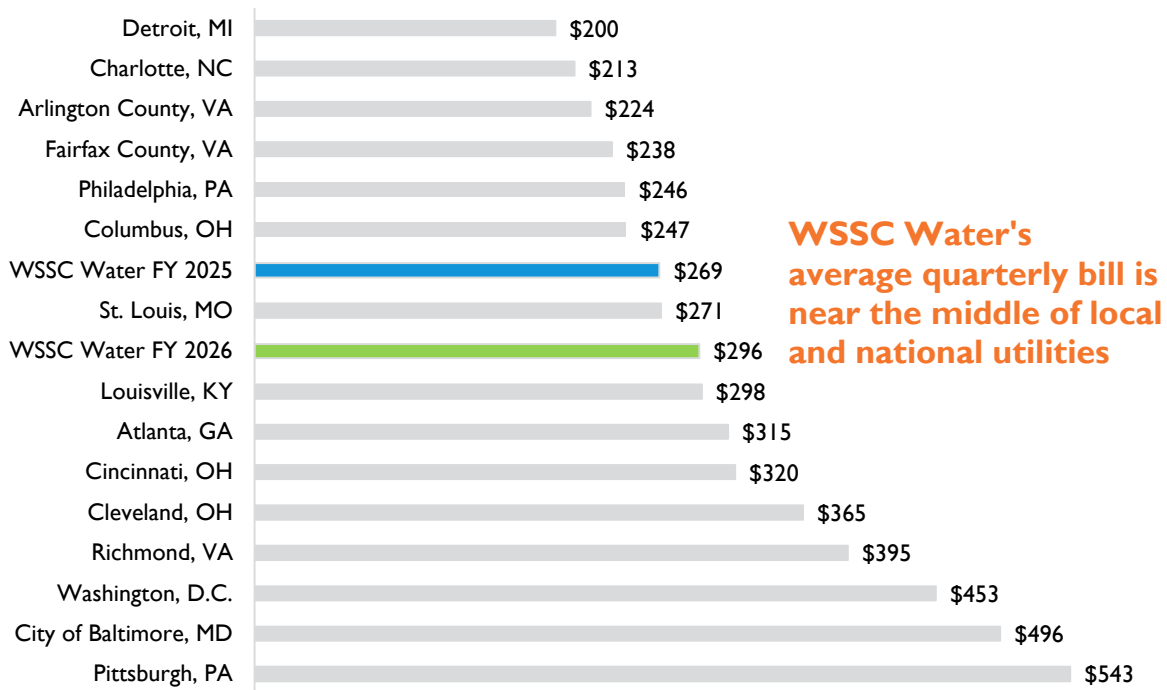
†CAP provides financial assistance to approved residential customers via credits for WSSC Water’s fixed fees (the Account Maintenance Fee and the Infrastructure Investment Fee).

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 2025 approved and FY 2026 proposed rates. As shown in the chart, the quarterly bills in the other communities range from a low of \$200 in Detroit, Michigan to a high of \$543 in Pittsburgh, Pennsylvania. WSSC Water ranks near the middle of the local and national utilities, with quarterly bills of \$269 in FY 2025 and \$296 in FY 2026. This shows that WSSC Water’s rates and fees are competitive both locally and nationally.

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



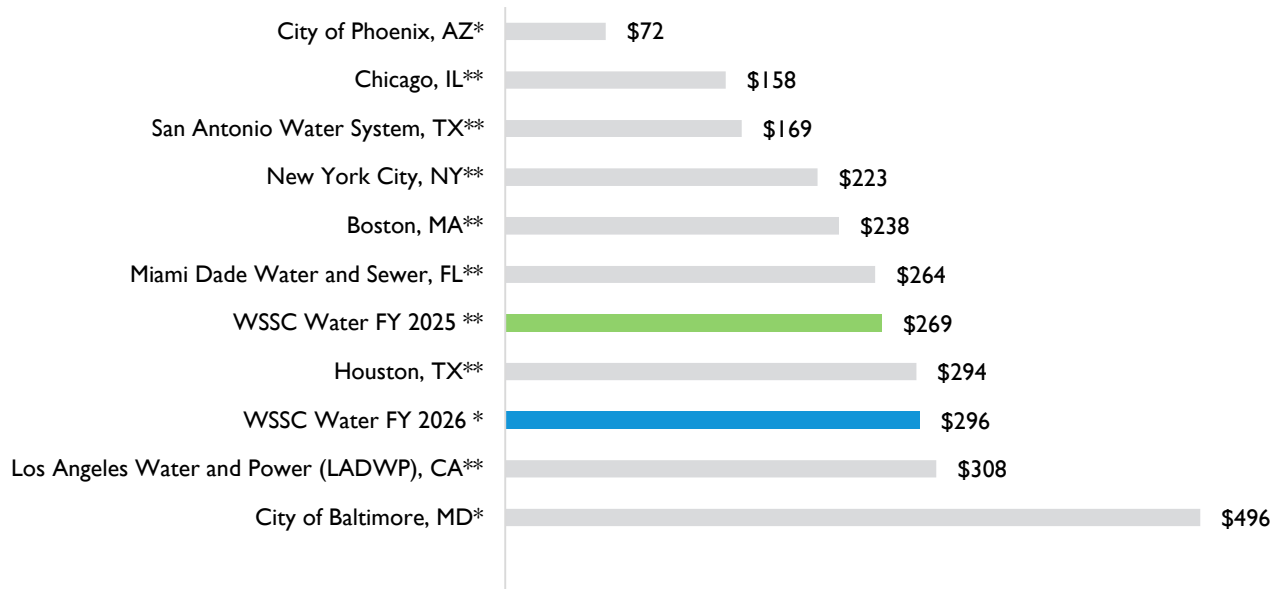
The rates and fees used in this comparison were in effect as of February 2025

WATER AND SEWER BILL COMPARISONS (Continued)

Quarterly Bill Comparison (Continued)

A comparison of WSSC Water’s average quarterly residential bill for water and sewer services at 145 gallons per day to the equivalent bill from 9 other peer utilities that are similar in scope and size of WSSC Water’ operations is also presented. The rates and fees used in this comparison were either FY 2025 Approved or FY 2026 Proposed as noted based on data available. WSSC Water ranks above the middle of the peer utilities, with quarterly bills of \$269 in FY 2025 and \$296 in FY 2026. This shows that WSSC Water’s rates and fees are higher than its peers.

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



* FY 2026 Proposed ** FY 2025 Approved

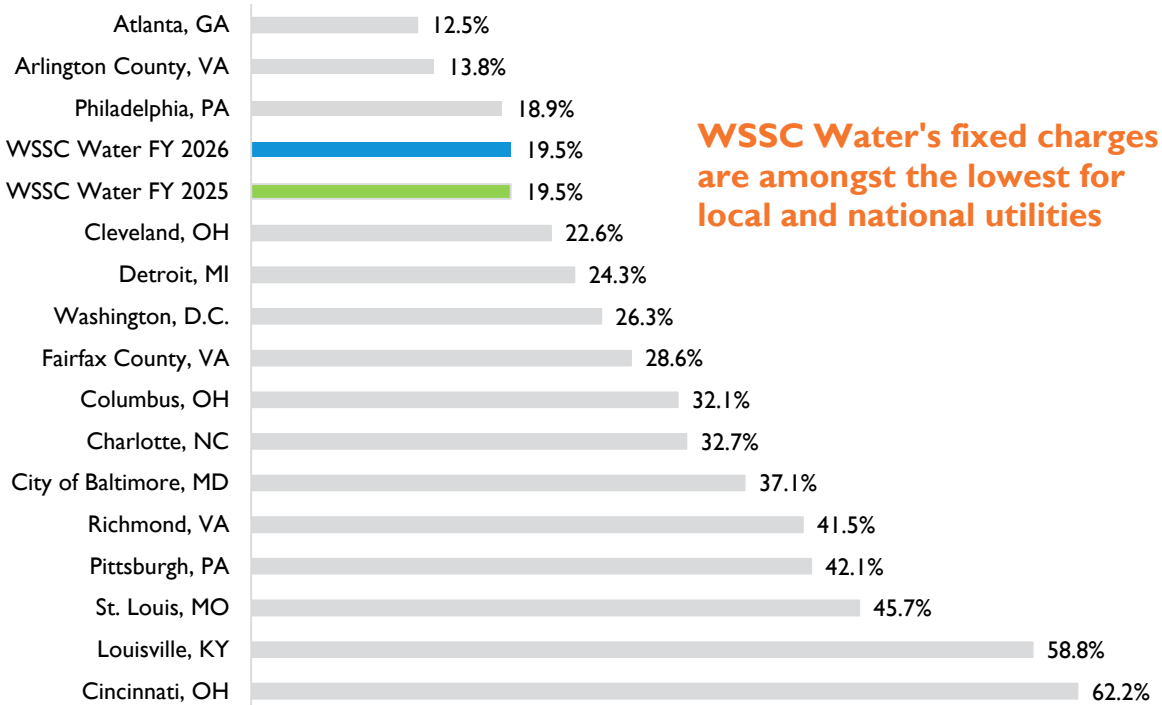
The rates and fees used in this comparison were in effect as of February 2025

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 2025 and FY 2026. 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)

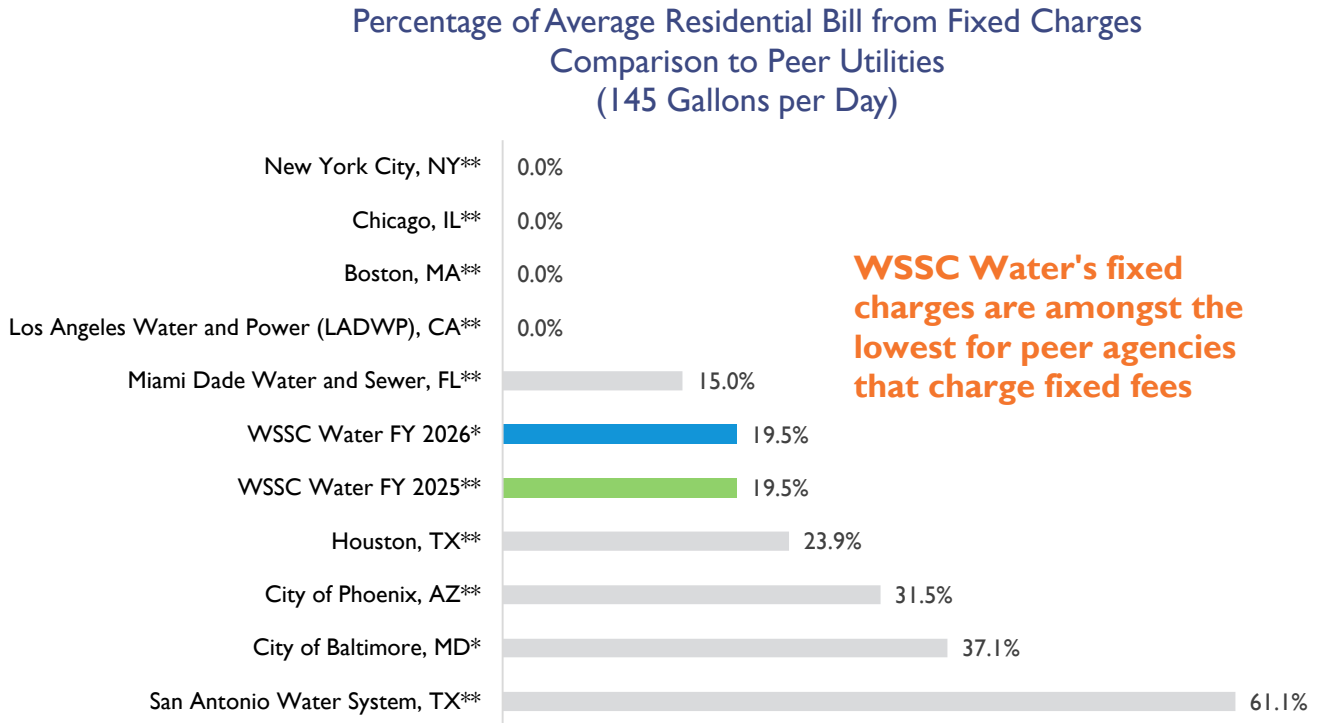


The rates and fees used in this comparison were in effect as of February 2025

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.



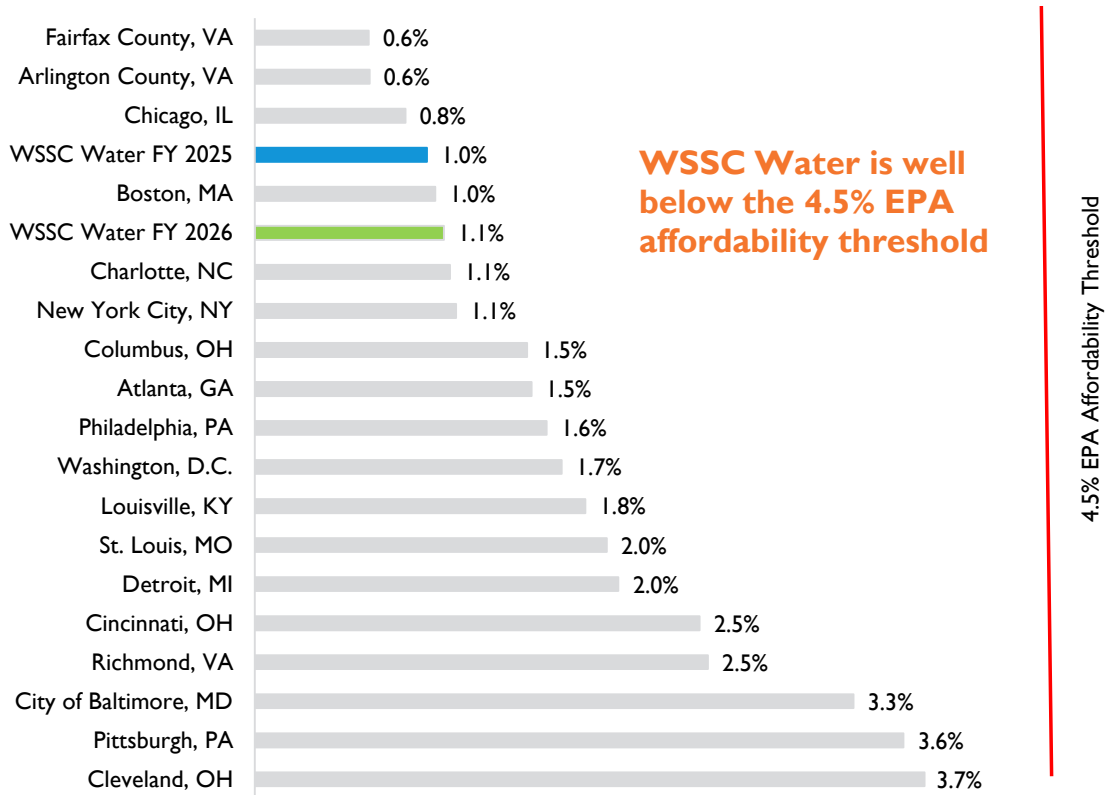
* FY 2026 Proposed ** FY 2025 Approved
The rates and fees used in this comparison were in effect as of February 2025

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 2026 is only 1.1% of the median household income of its customers, a slight increase from the 1.0% in FY 2025. 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. Additionally, WSSC Water is well below the 4.5% threshold that the EPA considers to be affordable for customers.

**Average Residential Bill as a Percentage of Median Income
Comparison to Local and National Utilities
(145 Gallons per Day)**



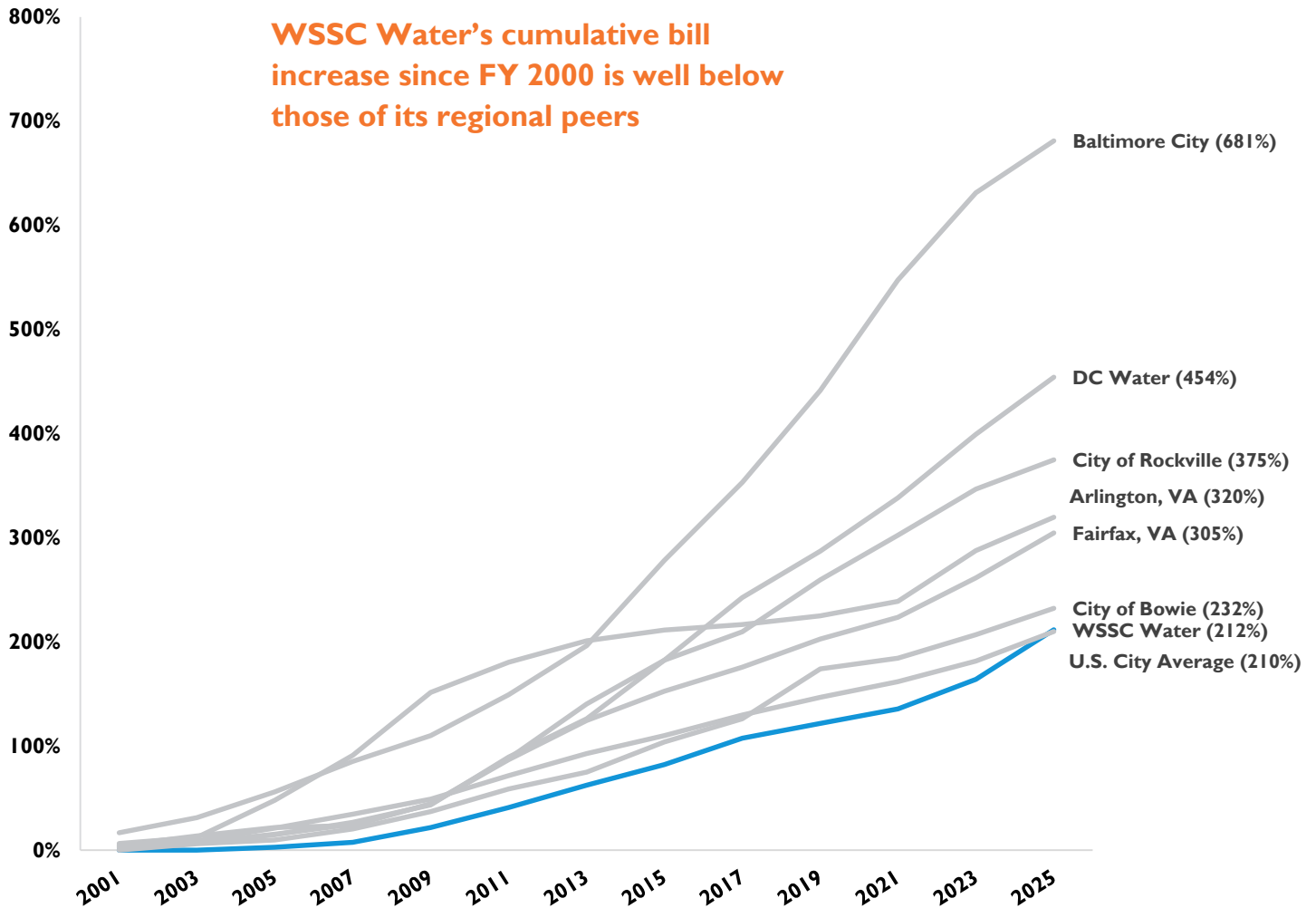
The rates and fees used in this comparison were in effect as of February 2025.

Median household income figures (in 2023 dollars) from the U.S. Census Bureau (www.census.gov), American Community Survey 5-Year Estimates for 2019-2023.

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 2000-2025. 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 212% over the last 25 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 232% for Bowie, Maryland to a high of 681% for Baltimore City, Maryland. The U.S. city average increased by 210% over the 25-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 2024 = FY 2025).

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 2023. The data shows that in 2023 the average cost of electricity from the two primary providers in Montgomery and Prince George's Counties, Baltimore Gas and Electric Company (BGE) and Potomac Electric Power Company (PEPCO), was approximately \$136 per month. For cell phone service, the 2023 data for the South Census Region, which includes the State of Maryland, has a monthly cost of about \$105. The average monthly cost of water and sewer services from WSSC Water, based on a three-person household using FY 2023 rates and fees, was only about \$76 in comparison. This means that the monthly cost of water and sewer was only around 56% of the cost of electricity and 73% of the cost of cell phone service in 2023.

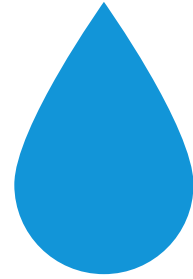
In 2023, the average household spent per month...



\$136
on electricity from
BGE and PEPCO



\$105
on cell phone
service



\$76
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), 2023 Electricity Reports.
Cellular phone service expenditures from the U.S. Bureau of Labor Statistics (www.bls.gov), Consumer Expenditure Survey, October 2024.
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

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 2026 Spending Affordability Guidelines (SAG) rate increase recommended for water and sewer volumetric and ready-to-serve charges of 9.0% by Prince George's County and 10.2% by Montgomery County. WSSC Water prepared the proposed budget based on the 9.8% water and sewer rate increase.

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

Below is a summary of the assumptions from the FY 2026 SAG process:

- Fund Balance (Accumulated Net Revenue) – It was assumed for the purpose of preparing the FY 2026 Proposed Budget that, at the end of FY 2025, accumulated net revenues for the water and sewer operating funds would total \$395.1 million. For FY 2026, the total water and sewer operating revenues are \$1.13 billion; therefore, at least \$225.1 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 \$395.1 million exceeds the reserve target and is 35.1% of the total operating revenues.
- Water Consumption and Sewer Use Revenues – The estimated FY 2026 revenues from water consumption and sewer use charges are \$402.8 million and \$492.2 million, respectively. Water production is assumed to be 162.0 million gallons per day (MGD) in FY 2026 and water consumption is projected to increase from 124.7 MGD in FY 2025 to 125.6 MGD in FY 2026.
- 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 2026 Capital Budget is \$696.8 million.
- Debt Issuance – The debt service issuance for FY 2026 assumes that \$284.4 million in Water Supply bonds and \$210.0 million in Sewage Disposal bonds. The water and sewer bond amortization will be for 30-years with an estimated 4.5% average interest rate.
- Reconstruction Debt Service Offset (REDO) – There will be no transfer in FY 2026 as the fund balance has been spent down as planned.
- Workforce and Compensation – 77 additional authorized workyears are included, as noted below:
 - 29 support regulatory requirements
 - 20 support and enhance operations
 - 28 are budget neutral - conversion of contract positions to permanentA marker is included for salary enhancements in the FY 2026 budget.

LONG-RANGE FINANCIAL PLAN FOR WATER AND SEWER OPERATING FUNDS

(\$ in thousands)	FY 2025 Approved	FY 2026 Proposed	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
New Water and Sewer Debt Issues	\$ 390,262	\$ 494,441	\$ 611,109	\$ 532,360	\$ 588,064	\$ 556,029	\$ 554,797
Water and Sewer Combined Rate Increase (Average)	8.5 %	9.8 %	9.7 %	8.2 %	7.5 %	6.3 %	5.8 %
Operating Revenues							
Consumption Charges	\$ 809,105	\$ 894,985	\$ 981,799	\$ 1,062,306	\$ 1,141,979	\$ 1,213,924	\$ 1,284,332
Account Maintenance Fees (AMF)	59,964	69,684	76,443	82,712	88,915	94,516	99,998
Infrastructure Investment Fees (IIF)	74,839	86,016	94,360	102,098	109,755	116,670	123,435
Rockville Sewer Use	3,300	4,500	4,500	4,500	4,500	4,500	4,500
Plumbing and Inspection Fees	21,356	22,610	23,289	23,988	24,708	25,449	26,213
Grants Revenue	2,500	3,171	2,500	2,500	2,500	2,500	2,500
Miscellaneous	27,251	27,800	29,000	29,309	29,618	29,933	30,253
Cost Sharing Reimbursement/Natural Gas Sales	7,013	7,795	13,295	12,103	7,149	7,004	7,004
Interest Income	8,860	14,000	8,000	8,000	8,000	8,000	8,000
Uncollectible	(7,901)	(4,961)	(5,763)	(6,236)	(6,703)	(7,126)	(7,539)
Total Operating Revenues	\$ 1,006,287	\$ 1,125,600	\$ 1,227,423	\$ 1,321,280	\$ 1,410,421	\$ 1,495,370	\$ 1,578,696
Other Credits and Transfers							
SDC Debt Service Offset	5,772	5,772	5,748	5,748	5,748	5,748	5,748
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total Funds Available	\$ 1,014,059	\$ 1,133,372	\$ 1,235,171	\$ 1,329,028	\$ 1,418,169	\$ 1,503,118	\$ 1,586,444
Operating Expenses							
Salaries & Wages	158,146	199,283	208,250	217,622	227,415	237,648	248,342
Heat, Light & Power	27,278	29,200	30,079	30,985	31,914	34,620	35,832
Regional Sewage Disposal	76,908	83,661	85,334	87,041	88,782	90,558	92,369
All Other	339,158	354,427	365,458	394,224	434,106	463,104	505,553
Total Operating Expenses	\$ 601,490	\$ 666,571	\$ 689,121	\$ 729,872	\$ 782,217	\$ 825,930	\$ 882,096
Debt Service							
Bonds and Notes Principal and Interest	361,968	373,801	398,364	436,564	463,586	494,108	522,115
Other Transfers and Adjustments							
PAYGO	50,601	93,000	147,686	162,592	172,366	183,080	182,233
Total Expenses	\$ 1,014,059	\$ 1,133,372	\$ 1,235,171	\$ 1,329,028	\$ 1,418,169	\$ 1,503,118	\$ 1,586,444
Beginning Fund Balance - July 1							
Use of Fund Balance/Other Adjustments	26,166	-	-	-	-	-	-
Ending Fund Balance - June 30	\$ 395,088	\$ 395,088	\$ 395,088	\$ 395,088	\$ 395,088	\$ 395,088	\$ 395,088
Debt Service as a % of Total Expenses (< 40% Target)	35.7 %	33.0 %	32.3 %	32.8 %	32.7 %	32.9 %	32.9 %
Debt Service Coverage "Stress Case" (>= 1.5 Target)	1.3	1.4	1.5	1.5	1.4	1.4	1.4
Leverage Ratio "Stress Case" (<8.0x)	8.8x	8.6x	8.3x	8.1x	8.3x	8.3x	8.5x
Days-Cash-on-Hand "Stress Case" (250 Days Target)	261	239	236	225	209	195	177
End Fund Balance as a % of Operating Revenue (min. 20%)	31.7 %	35.1 %	32.2 %	29.9 %	28.0 %	26.4 %	25.0 %
Total Workyears (All Funds)	1,963	2,040	2,040	2,040	2,040	2,040	2,040

1. The FYs 2027-2031 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 2026 Proposed Budget. Data excludes General Bond Debt Service
2. 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
3. Debt Service for bonds and notes includes Maryland Water Quality Bonds and interfund debt service transfers
4. Adjustments to Consumption Charges, AMF and IIF for Water and Sewer Combined Rate Increase assumes rate increase is in effect for 12 months
5. 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.
6. Days Cash-on-Hand is Unrestricted Cash and Investments divided by Total Operating Expenses (excluding Depreciation, PAYGO and Debt Service payable) per day
7. The FY 2025 mid-year adjustments resulted in an increase in Net Revenue
8. 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 2026 Proposed Budget.

Workload Data	Actual	Actual	Actual	Actual	Actual	Projected	
	FY	FY	FY	FY	FY	FY	FY
	2020	2021	2022	2023	2024	2025	2026
Water and Sewer Combined Rate Increase	5.0%	6.0%	5.9%	6.5%	7.0%	8.5%	9.8%
Population to be Served (000s)*	1,910	1,915	1,939	1,966	1,976	1,986	1,997
Customer Accounts (000s): **	464	467	469	472	473	480	480
Residential	95.4%	95.4%	94.4%	94.4%	94.8%	94.7%	94.7%
Commercial and Industrial	3.8%	3.7%	4.7%	4.7%	4.6%	4.7%	4.7%
Government and Other	0.8%	0.9%	0.9%	0.9%	0.6%	0.6%	0.6%
Water Program:							
Water Production (Average MGD)	162.6	162.8	161.2	157.7	160.8	162.0	162.0
Water Consumption (Average MGD)	128.6	126.4	127.2	126.0	127.6	124.6	127.0
Water Mains Maintained (Miles)	5,844	5,869	5,884	5,900	5,931	6,000	6,000
Water House Connections Maintained (000s)	471	473	475	478	482	485	488
Sewer Program:							
Sewage Treated (Average MGD)	188.3	204.1	184.3	177.8	188.4	203.1	198.0
Sewer Use (Average MGD)	116.0	114.6	114.6	113.1	112.2	112.0	114.0
Sewer Mains Maintained (Miles)	5,624	5,615	5,624	5,632	5,655	5,700	5,700
Sewer House Connections Maintained (000s)	443	445	446	449	452	455	457
House Connections added:							
Water (000s)	2.4	2.6	2.6	2.9	3.4	3.0	3.0
Sewer (000s)	1.9	1.9	1.9	2.3	2.9	2.4	2.4
New Water & Sewer Bond & Notes Debt Issues (\$ in millions)	234	350	327	362	319	390	494
Average Annual Interest Rate for New Bond Issuance	2.6%	2.0%	2.3%	4.0%	3.4%	4.5%	4.5%
Total Workyears							
Total Workyears	1,683.9	1,678.5	1,641.4	1,632.1	1,667.1	1,963.0	2,040.0

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

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

PENSION OBLIGATIONS AND OTHER UNFUNDED LIABILITY

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

Pension

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

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

WSSC Water’s net pension liability as of December 2023 is \$203.5 million and the net pension liability is 18.3% of the total pension liability. The actuarial assumptions for pension are: 2.5% inflation factor, 2.75% - 7.5% salary increase, and 7.0% investment rate of return.

(\$ in thousands)	2019 December	2020 December	2021 December	2022 December	2023 December	Five-year Average
Assets Net Position	\$ 860,688	\$ 897,605	\$ 1,012,092	\$ 828,595	\$ 902,939	\$ 900,384
Total Pension Liability	980,963	1,019,218	1,036,773	1,082,195	1,106,445	1,045,119
Net Pension Liability	120,275	121,613	24,681	253,600	203,506	144,735
Fiduciary net position	87.7%	88.1%	97.6%	76.6%	81.6%	86.3%

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 2023 is \$36.7 million and net OPEB liability is 14.9% of the total OPEB liability. The actuarial assumptions for OPEB are: 2.5% inflation factor, a salary increase, and 7% investment rate of return.

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

(\$ in thousands)	2019 December	2020 December	2021 December	2022 December	2023 December	Five-year Average
Assets Net Position	\$ 150,824	\$ 180,521	\$ 211,333	\$ 177,823	\$ 209,488	\$ 185,998
Total OPEB Liability	255,253	265,766	248,556	257,682	246,221	254,696
Net OPEB Liability	104,729	85,245	37,223	79,858	36,734	68,758
Fiduciary net position	59.0%	67.9%	85.0%	69.0%	85.1%	74.0%

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 2026 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.

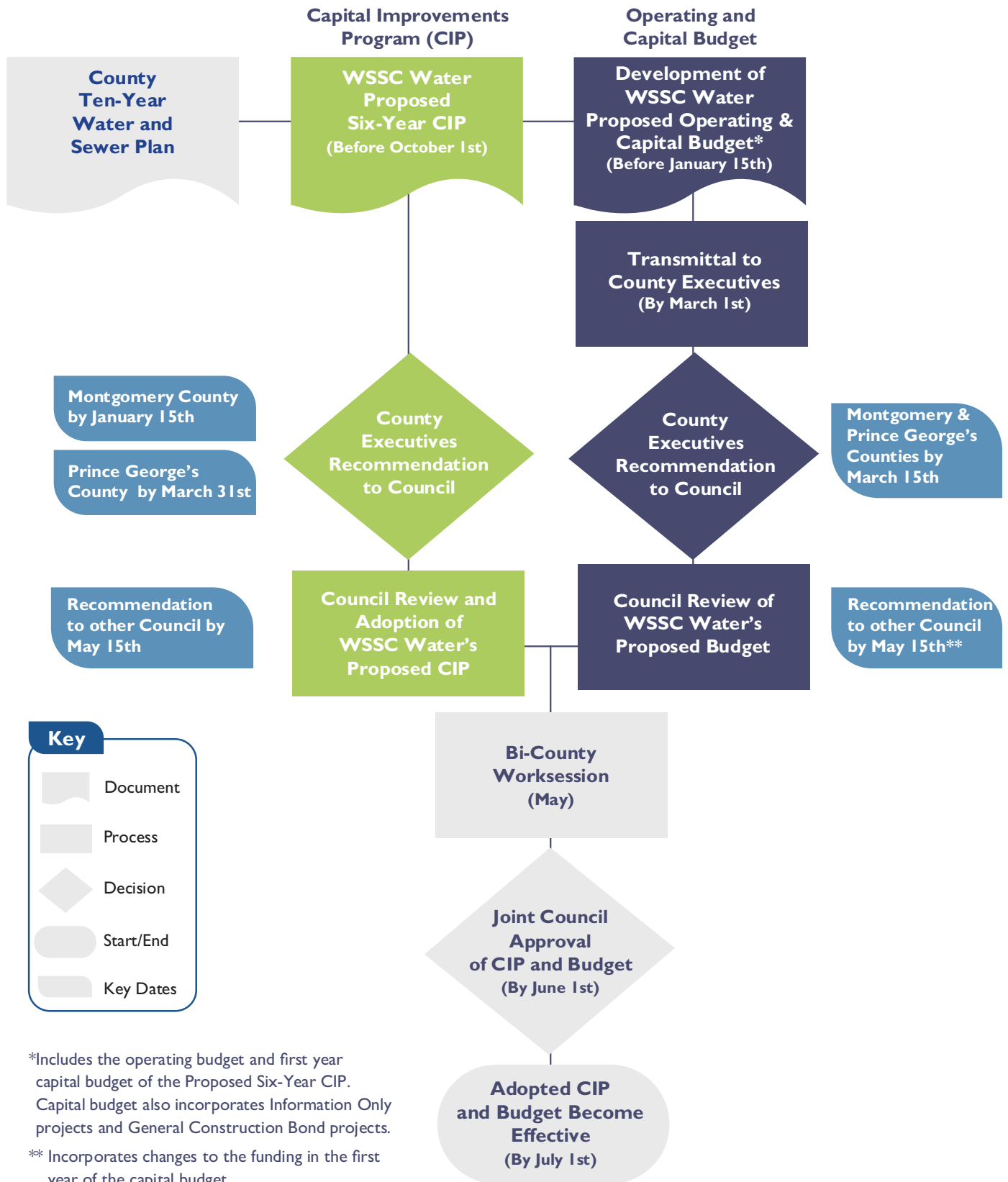
Operating Budget

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

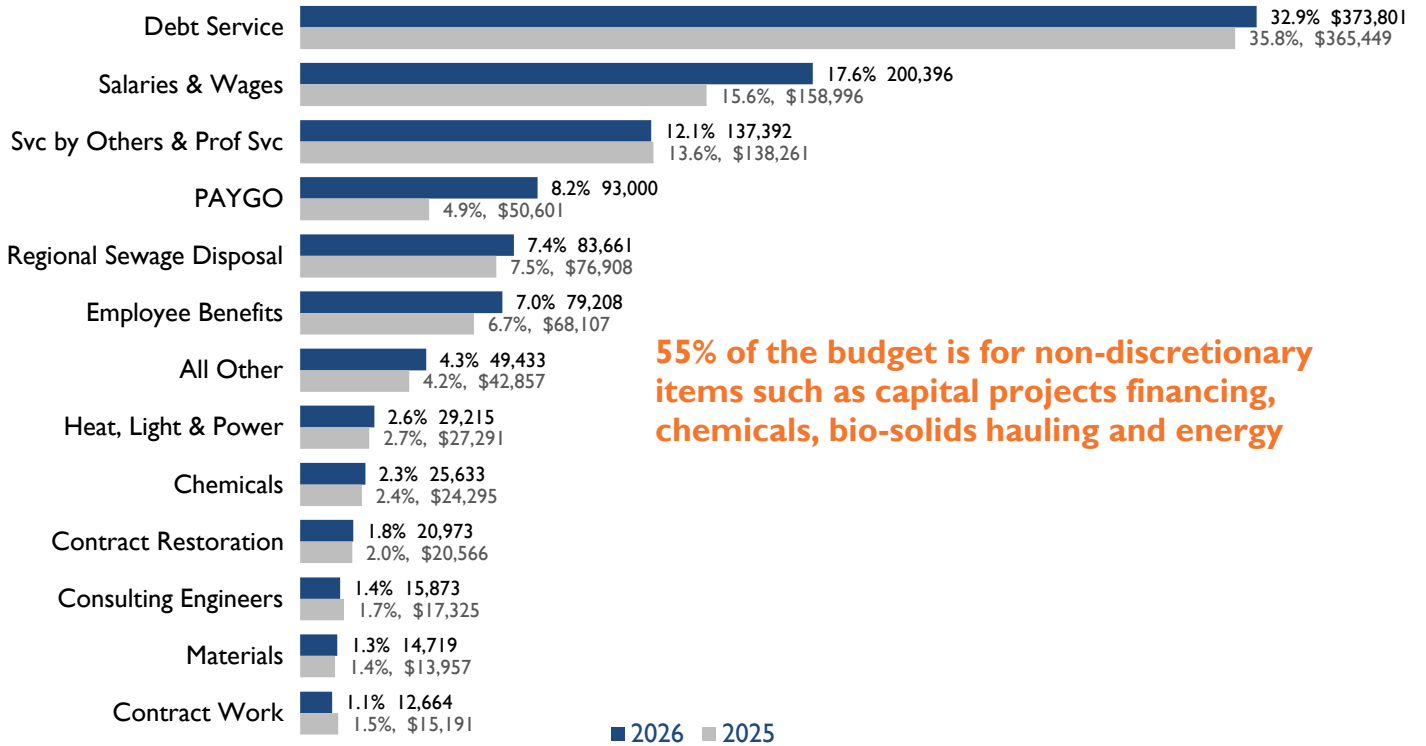
WSSC Water issues General Construction Bonds (Capital Fund) to pay for the construction of minor water and sewer lines (water distribution lines less than 16" in diameter and sewer lines less than 15" in diameter) and support facilities. General Bond Debt Service Fund revenues - customer payments for 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 2026 PROPOSED BUDGET – BY MAJOR EXPENSE CATEGORIES

(\$ in thousands)

FY 2026 Total Operating Budget = \$1,135,968

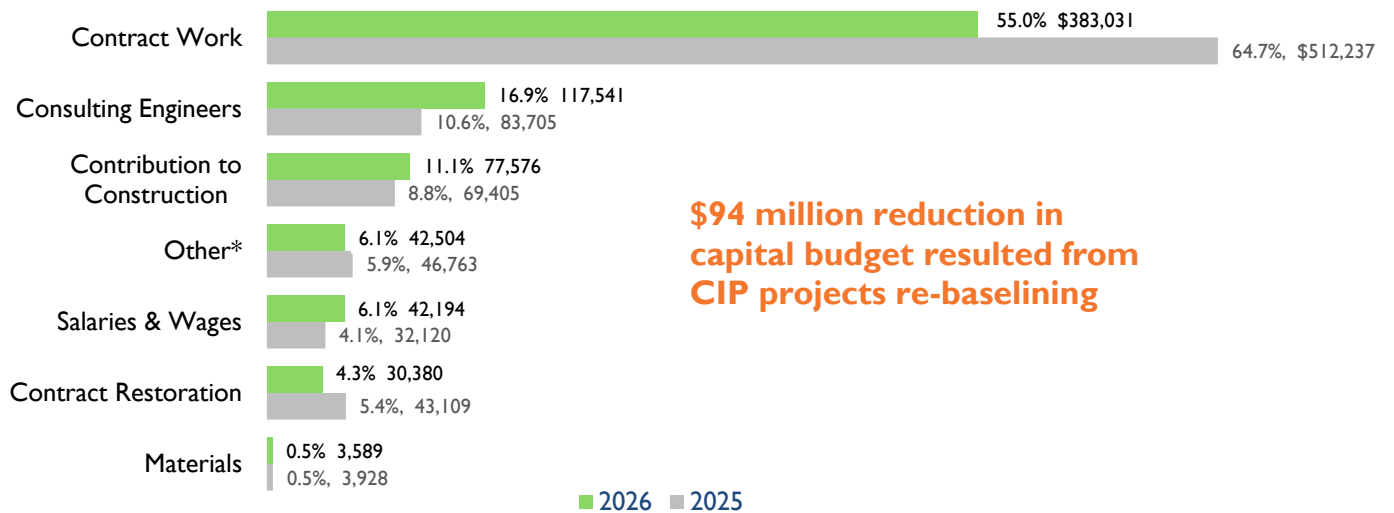
FY 2025 Total Operating Budget = \$1,019,803



Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2026 Total Capital Budget = \$696,815

FY 2025 Total Capital Budget = \$791,267



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

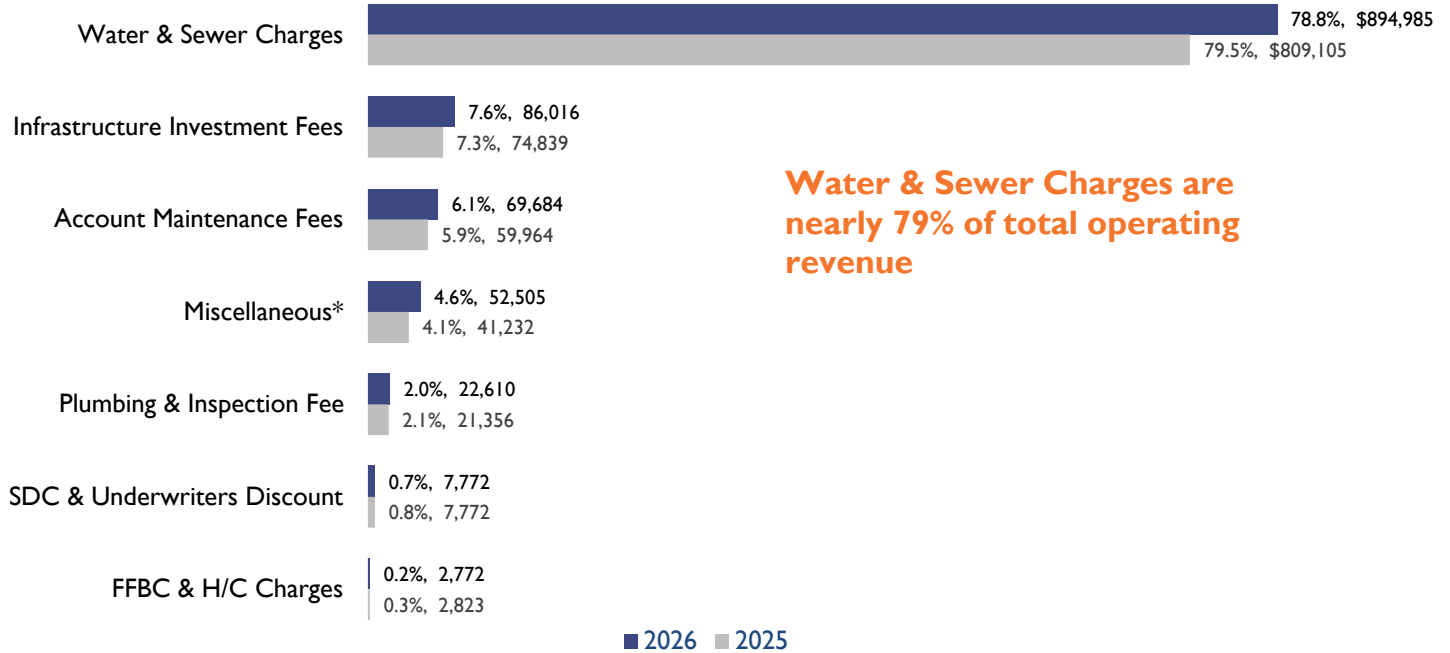
Includes Water Supply, Sewage Disposal and General Construction Bond

FY 2026 PROPOSED BUDGET – BY SOURCES

(\$ in thousands)

FY 2026 Total Operating Revenue = \$1,136,344

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



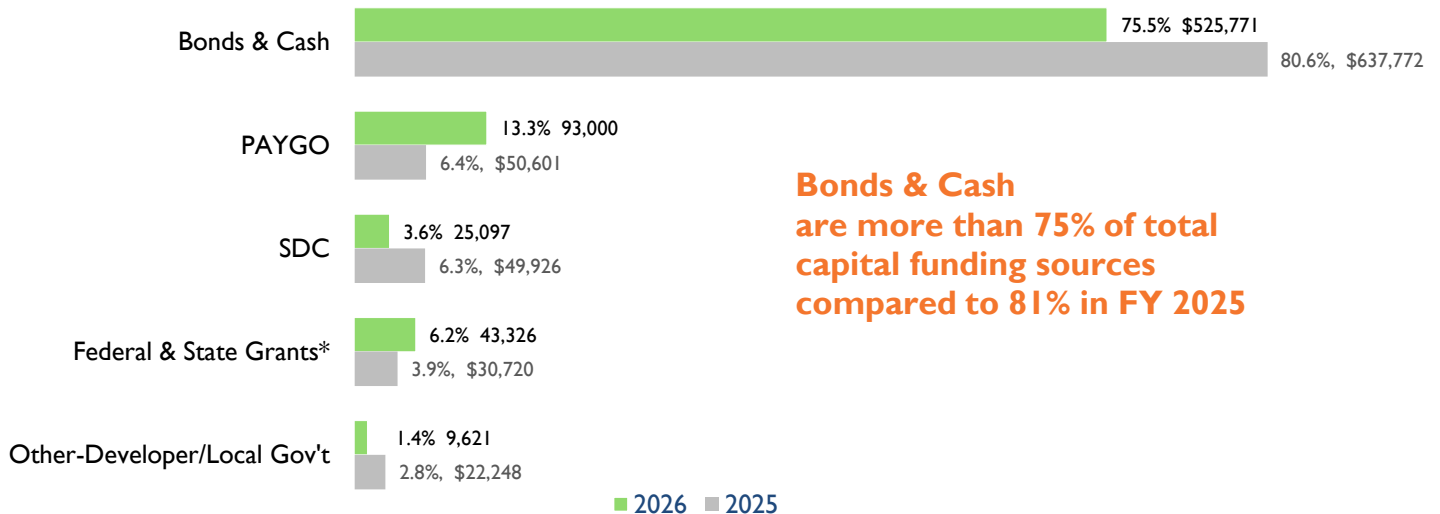
Water & Sewer Charges are nearly 79% of total operating revenue

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

Includes Water Operating, Sewer Operating and General Bond Debt Service

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

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



Bonds & Cash are more than 75% of total capital funding sources compared to 81% in FY 2025

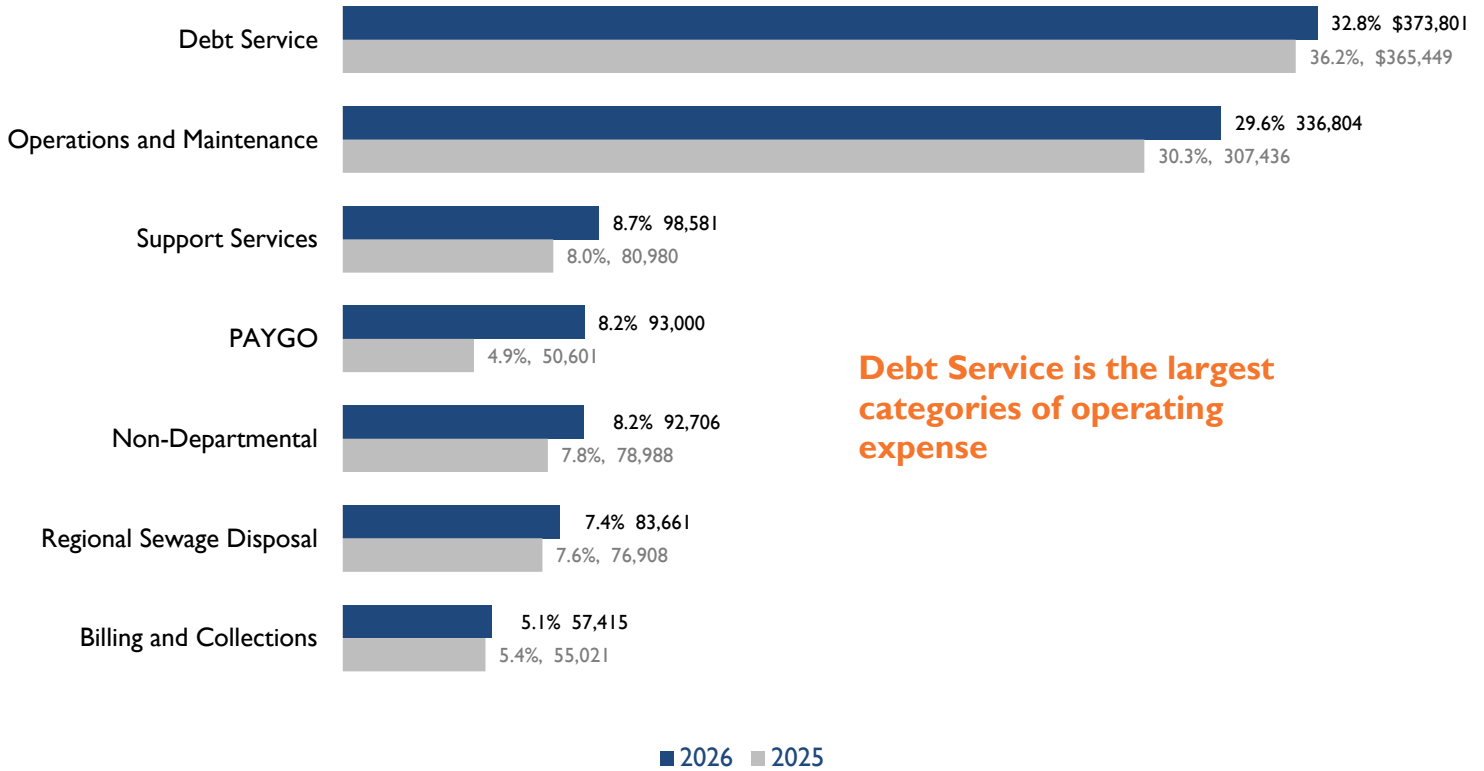
(*) Includes funding from Maryland's Bay Restoration Fund.

FY 2026 PROPOSED BUDGET – BY FUND USES

(\$ in thousands)

FY 2026 Total Operating Uses = \$1,135,968

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

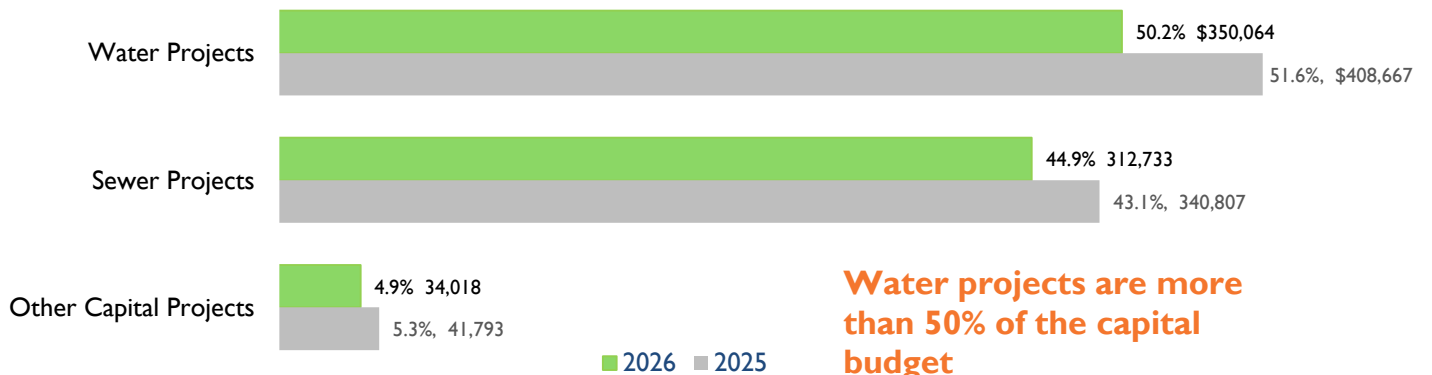


Debt Service is the largest categories of operating expense

Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2026 Total Capital Uses = \$696,815

FY 2025 Total Capital Uses = \$791,267



Water projects are more than 50% of the capital budget

Includes Water Supply, Sewage Disposal and General Construction Bond

OPERATING REVENUE & EXPENSE BY MAJOR SOURCE CATEGORY & FUND TYPE

(\$ in thousands)	Water Operating		Sewer Operating		General Bond Debt Service		Total		% Chg
	FY 2025 Approved	FY 2026 Proposed	FY 2025 Approved	FY 2026 Proposed	FY 2025 Approved	FY 2026 Proposed	FY 2025 Approved	FY 2026 Proposed	
Operating Revenues									
Water Consumption Charges	\$ 363,662	\$ 402,766	\$ -	\$ -	\$ -	\$ -	\$ 363,662	\$ 402,766	10.8 %
Sewer Use Charges	-	-	445,443	492,219	-	-	445,443	492,219	10.5 %
FFBC & H/C Charges	-	-	-	-	2,823	2,772	2,823	2,772	(1.8)%
Account Maintenance Fees	33,122	38,390	26,842	31,294	-	-	59,964	69,684	16.2 %
Infrastructure Investment Fees	41,059	46,901	33,780	39,115	-	-	74,839	86,016	14.9 %
Plumbing & Inspection Fees	12,406	13,600	8,950	9,010	-	-	21,356	22,610	5.9 %
Rockville Sewer Use	-	-	3,300	4,500	-	-	3,300	4,500	36.4 %
Grants Revenue	-	-	2,500	3,171	-	-	2,500	3,171	26.8 %
Miscellaneous	14,282	14,000	12,969	13,800	210	200	27,461	28,000	2.0 %
Interest Income	3,285	5,135	5,575	8,865	-	-	8,860	14,000	58.0 %
Uncollectible	(3,551)	(2,306)	(4,350)	(2,655)	-	-	(7,901)	(4,961)	(37.2)%
Cost Sharing Reimbursement/Natural Gas Sales	1,740	1,968	5,273	5,827	-	-	7,013	7,795	11.2 %
Total Operating Revenues	\$ 466,005	\$ 520,454	\$ 540,282	\$ 605,146	\$ 3,033	\$ 2,972	\$ 1,009,320	\$ 1,128,572	11.8 %
Other Credits and Transfers									
SDC Debt Service Offset	2,731	2,731	3,041	3,041	-	-	5,772	5,772	0.0 %
Underwriters Discount Transfer	907	937	1,093	1,063	-	-	2,000	2,000	0.0 %
Total Funds Available	\$ 469,643	\$ 524,122	\$ 544,416	\$ 609,250	\$ 3,033	\$ 2,972	\$ 1,017,092	\$ 1,136,344	11.7 %
Operating Expenses									
Salaries & Wages	\$ 86,130	\$ 107,960	\$ 72,016	\$ 91,323	\$ 850	\$ 1,113	\$ 158,996	\$ 200,396	26.0 %
Heat, Light & Power	14,946	18,118	12,332	11,082	13	15	27,291	29,215	7.0 %
Regional Sewage Disposal	-	-	76,908	83,661	-	-	76,908	83,661	8.8 %
All Other	182,381	190,327	156,777	164,100	1,400	1,468	340,558	355,895	4.5 %
Total Operating Expenses	\$ 283,457	\$ 316,405	\$ 318,033	\$ 350,166	\$ 2,263	\$ 2,596	\$ 603,753	\$ 669,167	10.8 %
Debt Service									
Principal Payments	89,423	94,132	121,888	123,789	1,953	-	213,264	217,921	2.2 %
Interest Payments	74,802	81,035	75,855	74,845	1,528	-	152,185	155,880	2.4 %
	\$ 164,225	\$ 175,167	\$ 197,743	\$ 198,634	\$ 3,481	\$ -	\$ 365,449	\$ 373,801	2.3 %
Other Transfers									
PAYGO	21,961	32,550	28,640	60,450	-	-	50,601	93,000	83.8 %
Total Expenditures	\$ 469,643	\$ 524,122	\$ 544,416	\$ 609,250	\$ 5,744	\$ 2,596	\$ 1,019,803	\$ 1,135,968	11.4 %
Net Revenue (Loss)	\$ -	\$ -	\$ -	\$ -	\$ (2,711)	\$ 376	\$ (2,711)	\$ 376	(113.9)%
Fund Balance - July 1									
	\$ 135,323	\$ 148,665	\$ 233,599	\$ 246,423	\$ 20,752	\$ 18,041			
Net Increase (Decrease) in Fund Balance	-	-	-	-	(2,711)	376			
Adjustments	13,342	-	12,824	-	-	-			
Fund Balance - June 30	\$ 148,665	\$ 148,665	\$ 246,423	\$ 246,423	\$ 18,041	\$ 18,417			

CAPITAL FUNDING & EXPENSE BY MAJOR SOURCE CATEGORY & FUND TYPE

(\$ in thousands)	Water Supply Bond		Sewer Disposal Bond		General Construction Bond		Total		
	FY 2025 Approved	FY 2026 Proposed	FY 2025 Approved	FY 2026 Proposed	FY 2025 Approved	FY 2026 Proposed	FY 2025 Approved	FY 2026 Proposed	% Chg
Funds Provided									
Bonds & Notes Issues/Cash on Hand	\$ 333,628	\$ 280,512	\$ 262,351	\$ 211,241	\$ 41,793	\$ 34,018	\$ 637,772	\$ 525,771	(17.6) %
PAYGO	21,961	32,550	28,640	60,450	-	-	50,601	93,000	83.8 %
Anticipated Contributions:									
Federal & State Grants	6,769	17,996	23,951	25,330	-	-	30,720	43,326	41.0 %
SDC	40,646	16,957	9,280	8,140	-	-	49,926	25,097	(49.7) %
Other Contributions	5,663	2,049	16,585	7,572	-	-	22,248	9,621	(56.8) %
Total Funds Provided	\$ 408,667	\$ 350,064	\$ 340,807	\$ 312,733	\$ 41,793	\$ 34,018	\$ 791,267	\$ 696,815	(11.9) %
Construction Costs									
Salaries & Wages	\$ 16,997	\$ 21,948	\$ 11,350	\$ 14,902	\$ 3,773	\$ 5,344	\$ 32,120	\$ 42,194	31.4 %
Contract Work	298,324	214,051	206,763	162,948	7,150	6,032	512,237	383,031	(25.2) %
Consulting Engineers	43,808	74,836	35,332	40,227	4,565	2,478	83,705	117,541	40.4 %
All Other	49,538	39,229	87,362	94,656	26,305	20,164	163,205	154,049	(5.6) %
Total Construction Costs	\$ 408,667	\$ 350,064	\$ 340,807	\$ 312,733	\$ 41,793	\$ 34,018	\$ 791,267	\$ 696,815	(11.9) %

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 2025	\$ 135,323	\$ 466,005	\$ (469,643)	\$ 3,638	\$ 13,342	\$ 148,665	\$ 13,342	9.9 %
FY 2026	148,665	520,454	(524,122)	3,668	-	148,665	-	- %
Sewer Operating								
FY 2025	233,599	540,282	(544,416)	4,134	12,824	246,423	12,824	5.5 %
FY 2026	246,423	605,146	(609,250)	4,104	-	246,423	-	- %
General Bond Debt Service								
FY 2025	20,752	3,033	(5,744)	-	-	18,041	(2,711)	(13.1) %
FY 2026	18,041	2,972	(2,596)	-	-	18,417	376	2.1 %

Operating expenses include debt service.

Explanation of Significant Changes to Fund Balance

Water and Sewer Operating Funds

The FY 2026 Proposed Budget ending fund balance remains the same as the projected FY 2025 ending balance for the Water Operating Fund and the Sewer Operating Fund.

General Bond Debt Service Fund

The FY 2026 Proposed Budget ending fund balance is 2.1% higher than the projected FY 2025 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 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Expenses					
Salaries & Wages	\$ 125,788	\$ 127,044	\$ 140,325	\$ 158,146	\$ 199,283
Heat, Light & Power	21,014	22,390	22,079	27,278	29,200
Regional Sewage Disposal	60,751	71,025	79,822	76,908	83,661
All Other	247,686	271,026	277,656	339,158	354,427
Subtotal	\$ 455,239	\$ 491,485	\$ 519,882	\$ 601,490	\$ 666,571
Debt Service					
Principal Payments	155,358	162,080	193,516	211,311	217,921
Interest Payments	124,899	138,013	144,811	150,657	155,880
Subtotal	\$ 280,257	\$ 300,093	\$ 338,327	\$ 361,968	\$ 373,801
Other Transfers					
PAYGO	27,585	31,016	44,000	50,601	93,000
Total Expenses	\$ 763,081	\$ 822,594	\$ 902,209	\$ 1,014,059	\$ 1,133,372

General Bond Debt Service Fund

(\$ in thousands)	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Expenses					
Salaries & Wages	\$ 894	\$ 874	\$ 958	\$ 850	\$ 1,113
Heat, Light & Power	-	-	-	13	15
All Other	869	826	922	1,400	1,468
Subtotal	\$ 1,763	\$ 1,700	\$ 1,880	\$ 2,263	\$ 2,596
Debt Service					
Principal Payments	4,721	3,304	4,372	1,953	-
Interest Payments	4,236	4,161	782	1,528	-
Subtotal	\$ 8,957	\$ 7,465	\$ 5,154	\$ 3,481	\$ -
Total Expenses	\$ 10,720	\$ 9,165	\$ 7,034	\$ 5,744	\$ 2,596

Capital Budget

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

(\$ in thousands)	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Expenses					
Salaries & Wages	\$ 27,647	\$ 27,997	\$ 31,381	\$ 32,120	\$ 42,194
Heat, Light & Power	-	-	-	302	303
Contract Work	251,913	268,792	245,931	512,237	383,031
Consulting Engineers	42,322	43,531	33,838	83,705	117,541
All Other	75,925	96,072	99,011	162,903	153,746
Total Expenses	\$ 397,807	\$ 436,392	\$ 410,161	\$ 791,267	\$ 696,815

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.

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 2026 Proposed Budget assumes \$93.0 million in PAYGO.

Fiscal Plan

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

Budgetary Control

Budgetary control over WSSC Water is exercised following a joint review by Montgomery County and Prince George's County governments through the annual review and approval of operating and capital budgets. WSSC Water's Budget Division administers and monitors operating and capital expenditures during the fiscal year 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 (revenues applied to the CIP for debt avoidance or for projects which are not debt-eligible); and presumed costs of operating new or expanded facilities. Details on the CIP can be found at <https://www.wsscwater.com/fin>.

Expenditure Growth

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

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

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

For FY 2026, WSSC Water initially requested an 12.2% revenue enhancement to keep pace with rising costs and service, address deferred improvements that were a result of the pandemic revenue downturn, keep wages competitive to retain and recruit talent, and to serve and improve financial metrics to protect the AAA rating. However, Montgomery County Council recommended a spending affordability revenue enhancement increase limit of 10.2% and Prince George's County Council recommended 9.0%. WSSC Water has developed a revenue enhancement budget of 9.8%. The recommendation of a lower than needed increase is a recurring trend that results in continued budget reductions.

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 struggle to meet their monthly expenses. WSSC Water offers financial assistance to its customers through a variety of programs. See Section 3 for details of various programs. <https://www.wsscwater.com/assistance>.

Additional factors and events that shaped the budget environment included:

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

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 2026 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.

CIP FISCAL GUIDELINES

Guideline on Eligibility for Inclusion in the CIP

Capital expenditures included for projects in the CIP should:

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

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

Guideline on Funding CIP with Debt

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

Projects deemed to be debt eligible should:

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

Guideline on WSSC Water Debt Limits

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

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

CIP FISCAL GUIDELINES (Continued)

Guideline on WSSC Water Debt Limits (Continued)

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

Debt Capacity

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

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

- Water and Sewer Debt Service as a Percentage of Water and Sewer Expenditures - This ratio reflects WSSC Water's budgetary flexibility to adapt spending levels and respond to economic condition changes. Required annual debt service expenditures should be kept at less than 40.0% of WSSC Water's total water and sewer expenditures. This measure excludes expenditures in the General Bond Debt Service fund.
- Debt Service Coverage Ratio (DSCR) – This ratio helps assess WSSC Water's ability to pay its debt obligations. The ratio is calculated as the amount of net operating and non-operating revenue available after operating expenses have been paid to meet the annual interest and principal payments on debt service. WSSC Water's FY 2026 target DSCR is greater than 1.5.
- Leverage Ratio – This ratio helps assess WSSC Water's ability to pay its debt obligations. The ratio is calculated as net adjusted debt (total debt outstanding less cash and cash equivalents) to adjusted funds available for debt service (operating revenues minus operating expenses excluding depreciation plus adjustments for miscellaneous revenues and expenses). WSSC Water's target is that net adjusted debt be less than 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. SDC funds are used to pay for new treatment, transmission and collection (storage) facilities.

Guideline on Use of Federal and State Grants and Other Contributions

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

Guideline on Operating Budget Impact

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

Guideline on New Development and Growth

WSSC Water funds capital facilities needed to accommodate growth with developer contributions and through the SDC. In 1993 the Maryland General Assembly approved legislation authorizing the Montgomery and Prince George's County Councils to establish, and WSSC Water to impose, an SDC. This is a charge on new development to pay for that part of WSSC Water's CIP needed to accommodate growth in WSSC Water's customer base. SDC funds are used to pay for new treatment, transmission and collection (storage) facilities. The SDC is reviewed annually by the County Councils.

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.

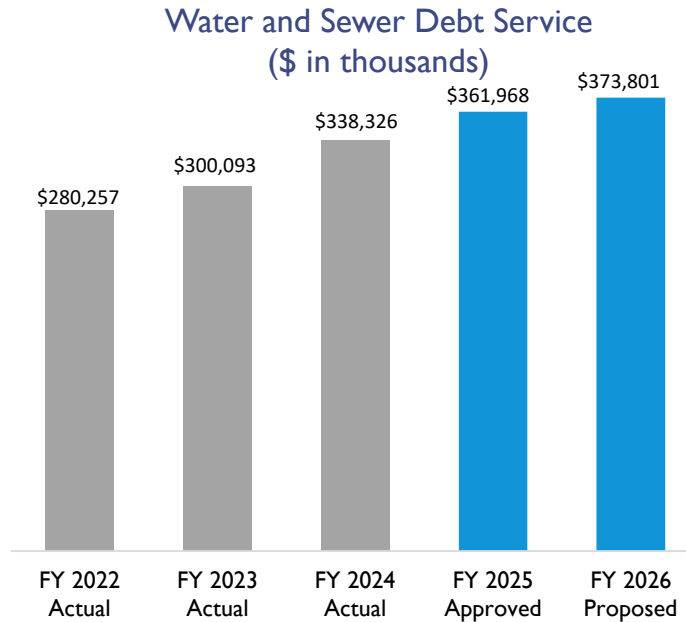
Infrastructure Investment Fee

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

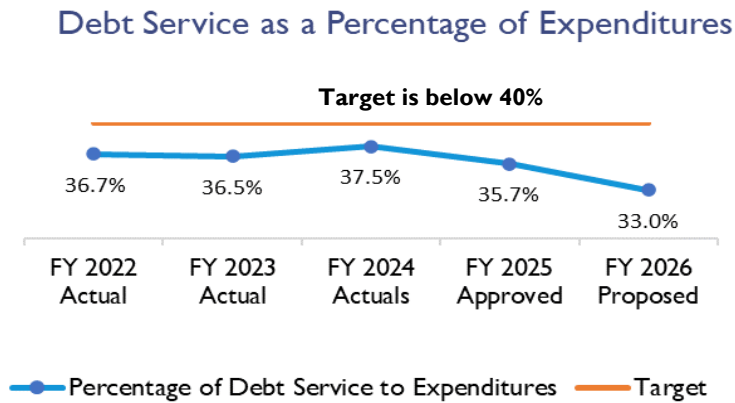
Debt Service

The largest expenditure in the FY 2026 proposed water and sewer operating budget is debt service. Debt service increased by \$11.8 million from \$362.0 million in FY 2025 to \$373.8 million in FY 2026. The increase is primarily due to ongoing water and sewer storage and water distribution rehabilitation programs aimed at addressing WSSC Water’s aging infrastructure that continue to be a major contributing factor to debt service. Highlights of the capital program can be found in the FYs 2026-2031 Proposed CIP at <https://www.wsscwater.com/fin>.



Debt Service as a Percentage of Expenditure

As part of the long-range financial plan, WSSC Water has a target of keeping water and sewer debt service below the targeted 40.0% of total water and sewer expenditures. The chart below shows that the agency continues to be fiscally responsible in meeting this target. For FY 2026, the proposed debt service percentage is 33.0% of water and sewer operating costs through increased use of PAYGO.

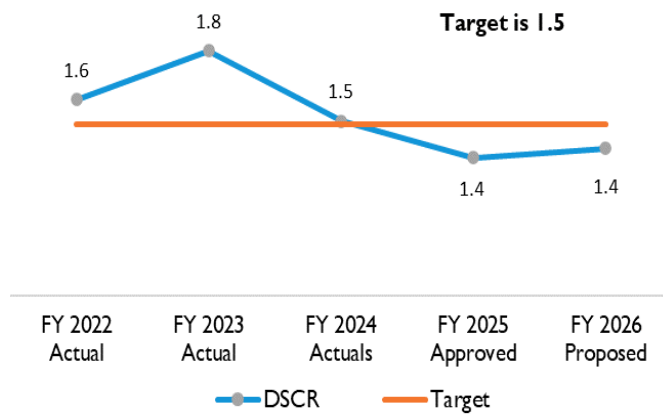


WATER AND SEWER DEBT SERVICE GUIDELINES (Continued)

Debt Service Coverage Ratio

The Debt Service Coverage Ratio (DSCR) is an important benchmark used in the measurement of the cash flow available to pay current debt obligations. WSSC Water's target DSCR is greater than or equal to 1.5. The projected ratio for FY 2026 is 1.4.

Debt Service Coverage Ratio



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

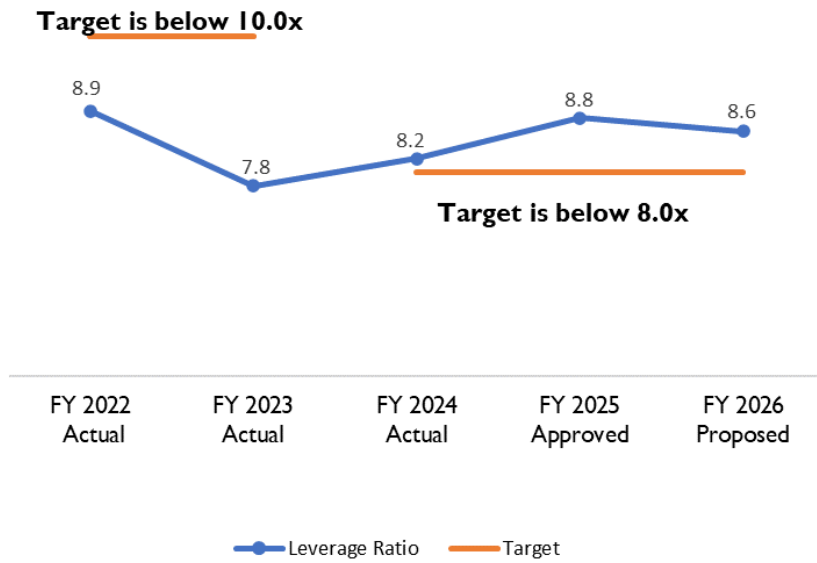
$$\text{DSCR} = \frac{\text{Net Operating Revenue}}{\text{Total Debt Service}}$$

WATER AND SEWER DEBT SERVICE GUIDELINES (Continued)

Leverage Ratio

The leverage ratio is an important financial metric for measuring the ability to pay debt obligations. Beginning FY 2023, WSSC Water included the leverage ratio as one of the metrics to the agency’s long-range financial plan. 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 2026 is 8.6x, 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) 2026 Proposed Budget incorporate policy recommendations. WSSC Water currently recovers necessary revenues through both fixed and volumetric charges.

ECONOMIC OUTLOOK

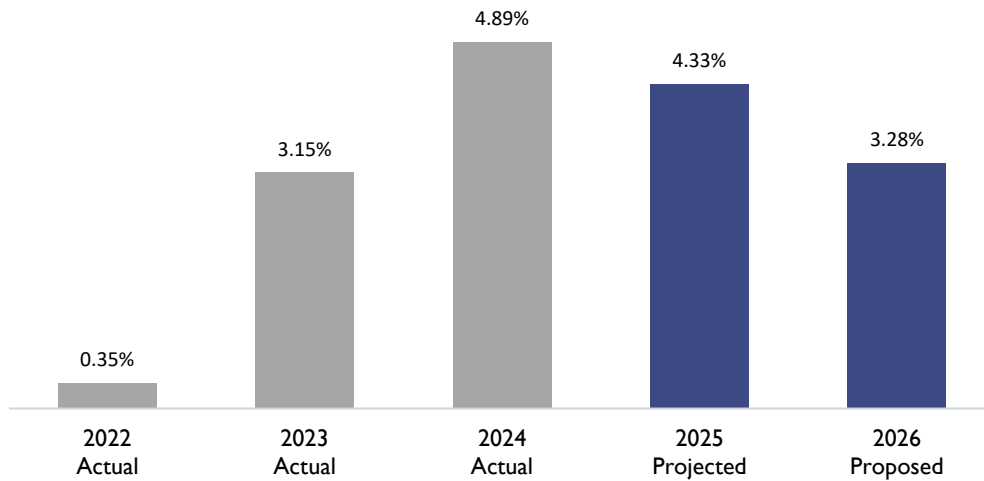
Policy Assumptions

Revenue and resource estimates presented are the result of the recommended policies of WSSC Water's FY 2026 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), increased rates throughout 2022 and 2023 to combat inflation. These efforts may have finally taken hold in mid-2024 as the Fed paused with rate cuts and then cut rates 50 basis points at its September 2024 meeting and an additional 25 basis points at its December 2024 meeting. Rate cuts are expected to continue, with the market predicting rate cuts into mid-2025. Short-term Treasury rates now stand at 4.5% with an expectation of rates as low as 3.0% by mid-2025. The return on WSSC Water's short-term investments highly correlate to the federal funds rate with a slight lag period.

Yield on Investment Income



Demographic Assumptions

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

ECONOMIC OUTLOOK (Continued)

Population Served and Customer Accounts

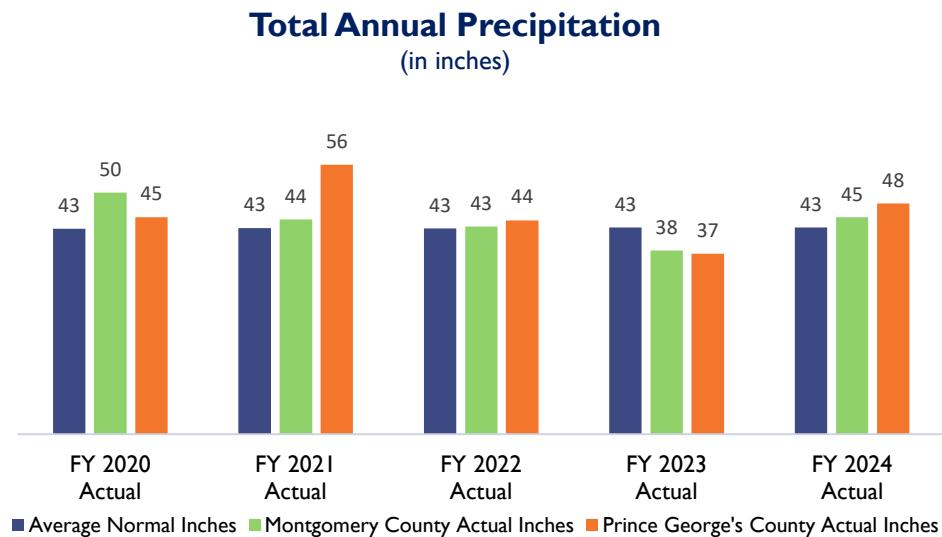
Based on the 2020 decennial census conducted by the U.S. Census Bureau, the agency's population served is nearly 2.0 million. The FY 2026 projected population growth is based on applying the Census of Government's projected population growth to the decennial population figure.

As of June FY 2026, WSSC Water is estimated to have 480,000 customer accounts. Most accounts are residential at 94.7% followed by commercial and industrial at 4.7%, and government and other at 0.6%.

Weather Conditions

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

According to the Maryland Department of the Environment, normal annual precipitation for Montgomery County and Prince George's Counties averages 42.7". For the twelve month period through June 2024, Montgomery County received 44.8", a 17.9% increase from the prior year, and Prince George's County received 47.7", a 27.9% increase over FY 2023. Water production increased from 157.7 million gallons per day (MGD) in FY 2023 to 160.8 MGD in FY 2024.



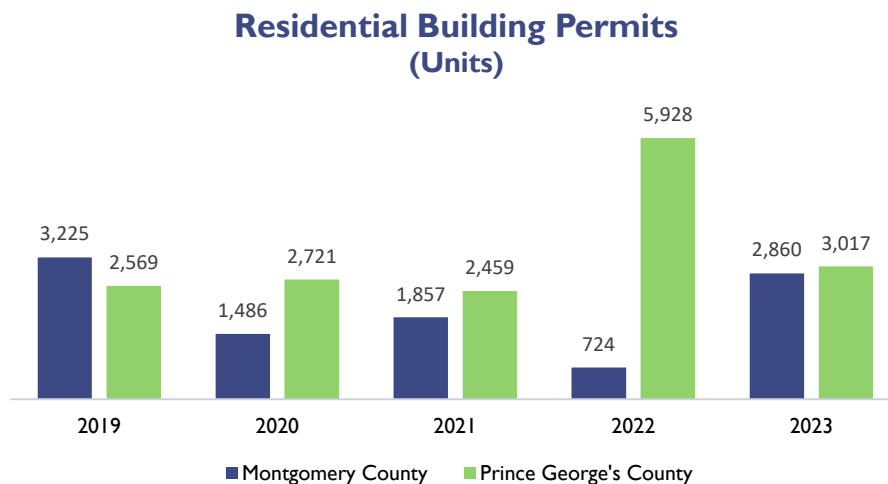
ECONOMIC OUTLOOK (Continued)

Economic Indicators

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

Real Estate and Construction Projects

According to the U.S. Census Bureau, the construction of new residential units in Montgomery County decreased 61.0% in 2022 and then increased 295% in 2023. The County had a 15.8% increase in median owner-occupied housing value in 2023. Prince George's County residential construction increased 141.1% in 2022 and then decreased 49.1% in 2023. Prince George's County saw increased median owner-occupied housing values of 12.6% over the prior year.



Large construction projects in Montgomery and Prince George's Counties also positively impact WSSC Water's revenue. The 16-mile Purple Line light rail system between Montgomery and Prince George's County is under construction. In addition, Prince George's County new business formations surpassed Montgomery County.

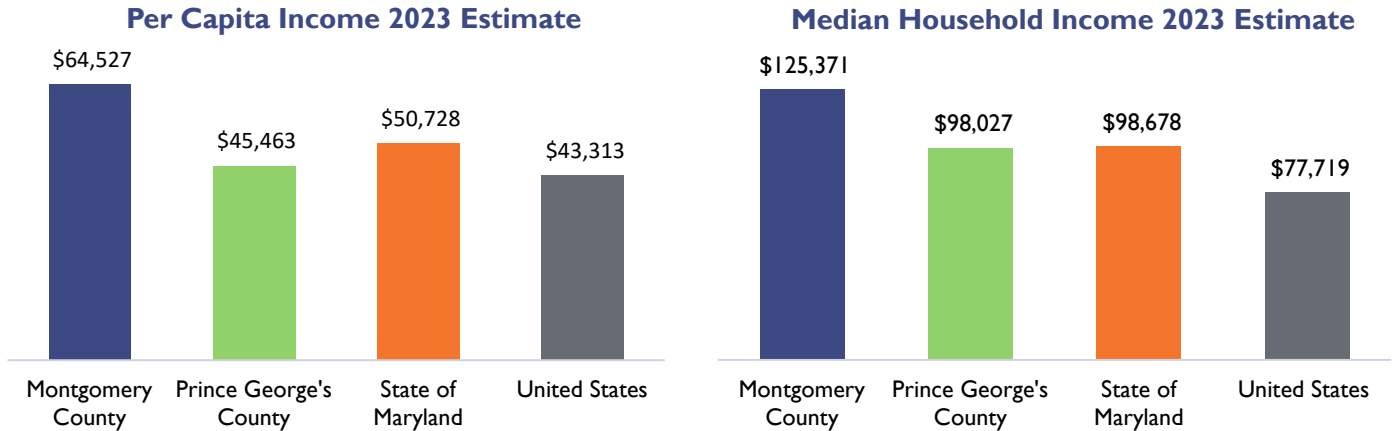
Population

As of the fall of 2023, Montgomery County's population remains unchanged 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 decreased 1.3% as compared to the overall State of Maryland growth rate of -0.1%.

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 2023 per capita income grew 6.7%, faster than the 3.0% state increase. Prince George's County median household income increased 3.8%. Montgomery County per capita income grew 3.5% for the same period. Montgomery County median household income increased 6.0%, which is 2.1% higher than the state's growth of 4.0% in 2023.

ECONOMIC OUTLOOK (Continued)



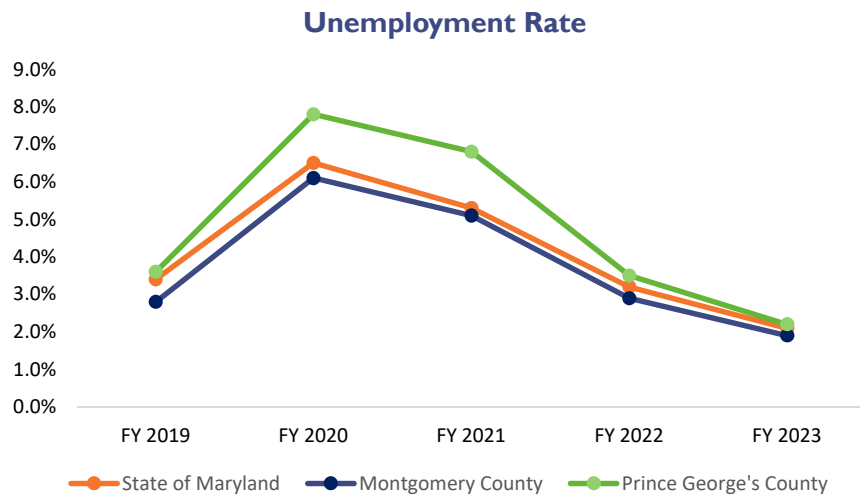
Employment

Montgomery County's unemployment rate decreased from 2.9% in 2022 to 1.9% in 2023.

Prince George's County unemployment rate decreased from 3.5% in 2022 to 2.2% in 2023.

The State of Maryland's unemployment rate decreased from 3.2% in 2022 to 2.1 in 2023. According to the U.S. Bureau of Labor Statistics, in October 2024, Maryland's unemployment rate of 3.0% was lower than the Country's rate of 4.1%.

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



RATEPAYER, READY-TO-SERVE AND MISCELLANEOUS REVENUES

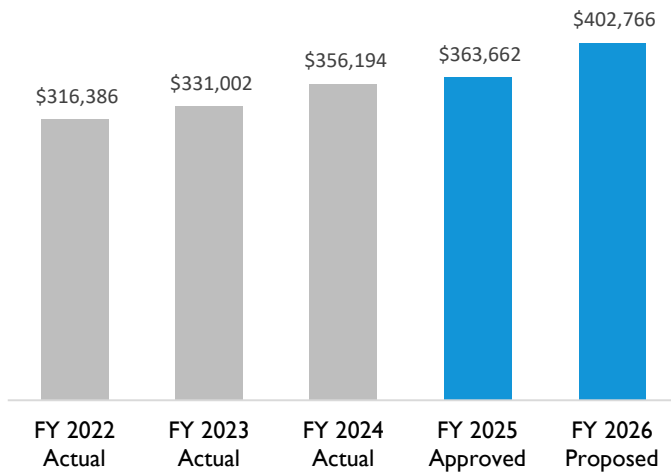
Revenues from the Water and Sewer Operating Funds are estimated at \$1.1 billion in FY 2026. This is a \$119.3 million increase, or 11.9%, from the FY 2025 Approved Budget, primarily attributed to an 9.8% revenue increase in volumetric and ready-to-serve charges. Additional information on rates can be found in Section 2.

Water and Sewer Consumption Revenues

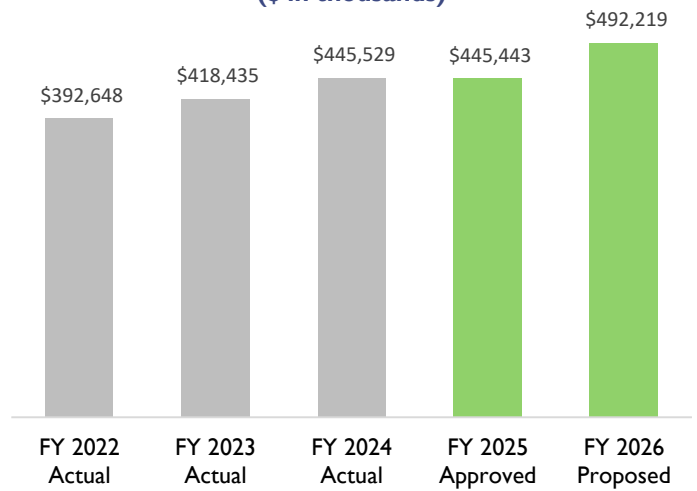
The purpose of the water consumption and sewer use charges is to cover the costs of maintenance and operations of facilities and infrastructure, as well as debt service on bonds. State law requires these charges be sufficient to meet all expense requirements. This includes WSSC Waters share of the regional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

FY 2026 water production is assumed to be 162.0 MGD and sewer treatment is projected to be 198.0 MGD.

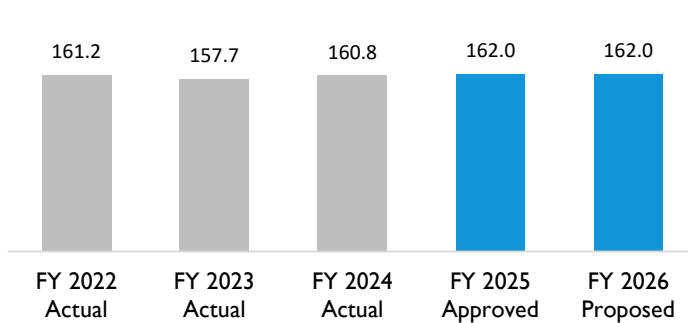
Water Consumption Revenue
(\$ in thousands)



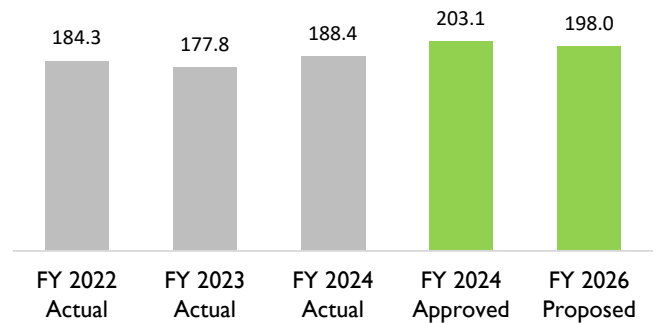
Sewer Use Revenue
(\$ in thousands)



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 2026 rates is \$7.35 to \$11.20 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 2026 rates is \$9.75 to \$17.95 per 1,000 gallons of metered water. The proposed rate for customers using sewage disposal only is a flat rate of \$167.00 per quarter.

The estimated FY 2026 revenues from water consumption and sewer use charges are \$402.8 million and \$492.2 million, respectively. This revenue is offset by \$5.0 million in anticipated uncollectible charges.

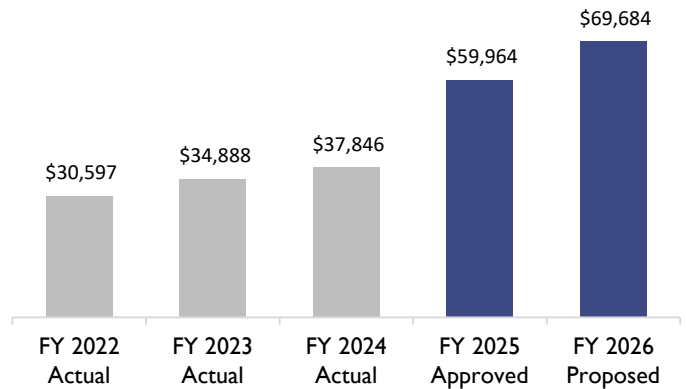
Account Maintenance Fee

The Account Maintenance Fee (AMF) is charged to all customers, based on meter size, to defray costs of providing and reading a meter and rendering a water and/or sewer bill.

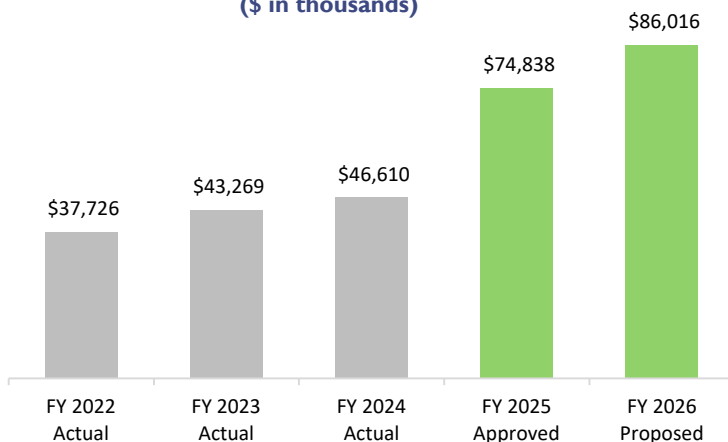
WSSC Water maintained the fee at the FY 2017 level until FY 2022. For FY 2025, there was a 65% increase in the fee to better align with the cost of service.

The FY 2026 Proposed Budget of \$69.7 million assumes a 9.8% fee increase.

Account Maintenance Fee
(\$ in thousands)



Infrastructure Investment Fee
(\$ in thousands)



Infrastructure Investment Fee

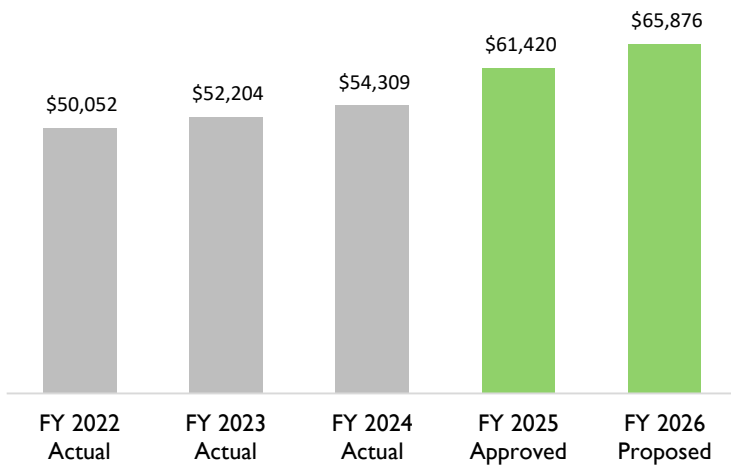
The Infrastructure Investment Fee (IIF) is a fixed fee that funds a portion of the debt service associated with the agency’s water and sewer main reconstruction programs in the approved CIP.

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

The FY 2026 Proposed Budget is \$86.0 million after the 9.8% fee increase.

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

Miscellaneous Revenues
(\$ in thousands)



Miscellaneous Revenues

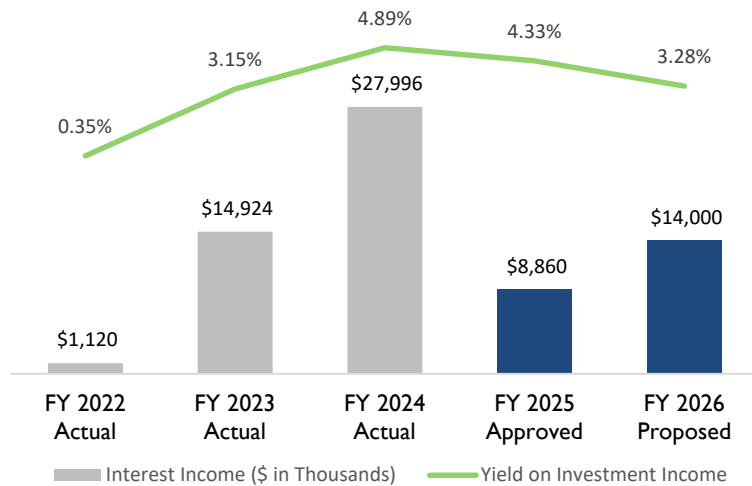
The FY 2026 Proposed Budget Miscellaneous Revenues is \$65.9 million, an increase of 7.3% from the FY 2025 Approved Budget.

Miscellaneous Revenues are derived from: plumbing and inspection fees \$22.6 million; Rockville sewer use \$4.5 million; miscellaneous of \$27.8 million which includes late payment of bills, repair of agency property (e.g., sewer mains) damaged by individuals; relocation of WSSC Water's sewer lines and/or facilities for the benefit of other parties (e.g., state or County departments of transportation); sewage haulers' fees which are charged for discharging septic tank clean-out wastes into WSSC Water's sewerage system; grants revenue \$3.2 million; and cost sharing reimbursement and natural gas sales of \$7.8 million which includes the Little Seneca Forebay

sediment removal reimbursements, Charles County annual reimbursement for Clinton Zone transmission main and the sale of natural gas and renewable natural gas.

Interest Income

Interest Income
(\$ in thousands)



Interest income includes pooled and non-pooled investments, plus interest income from other funds. WSSC Water operates an investment pool, directed by an investment manager, adhering to the agency's adopted Investment Policy.

WSSC Water earned an average of 0.35% in interest income on its short-term portfolio for FY 2022 with an increase to 3.15% in FY 2023, and to 4.89% in FY 2024 reflecting the Fed's rate hikes. Estimated returns for FY 2025 and FY 2026 are at 4.33% and 3.28% per annum, respectively. This assumption is based on the likelihood of continued Fed easing rates throughout FY 2025 and a stable rate environment for FY 2026. As a result, interest income is assumed to be approximately \$14.0 million in FY 2026 as short-term interest rates remain in the 3.0% range throughout the period.

REVENUES AND TRANSFERS IMPACT ON DEBT SERVICE

Front Foot Benefit Charges and House Connection Assessments

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

	Water	Sewer
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 2026 Proposed Budget projects the FFBC and H/C revenue to be \$2.77 million, a \$0.05 million decrease from the FY 2025 Approved Budget of \$2.82 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 2025 and FY 2026 budgets assume no use of fund balance.

Debt Service Offsets

The System Development Charge (SDC) Debt Service Offset is related to prior fiscal years when capital "growth" expenditures exceeded the available SDC account balance. When there is such an occurrence, WSSC Water issues new SDC supported debt to cover this temporary gap rather than increasing the SDC. The portion of debt is then repaid (offset) through future SDC collections, as allowed by state law. For the FY 2026 Proposed Budget, the SDC offset is programmed at \$5.8 million.

The Reconstruction Debt Service Offset (REDO) is supported through surplus funds from the refinancing of General Construction Bond debt. The offset is used to pay a portion of the debt service for the system reconstruction programs. The FY 2026 Proposed Budget assumes no REDO funds will be used.

REVENUE TRENDS

Water & Sewer Operating Funds - Combined

(\$ in thousands)	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Operating Revenues					
Water Consumption Charges	\$ 316,386	\$ 331,002	\$ 356,194	\$ 363,662	\$ 402,766
Sewer Use Charges	392,648	418,435	445,529	445,443	492,219
Account Maintenance Fees	30,597	34,888	37,846	59,964	69,684
Infrastructure Investment Fees	37,726	43,269	46,610	74,839	86,016
Plumbing & Inspection Fees	19,491	20,513	20,975	21,356	22,610
Rockville Sewer Use	3,289	3,879	4,507	3,300	4,500
Grants Revenue	2,220	2,743	3,790	2,500	3,171
Miscellaneous	25,052	25,069	28,827	27,251	27,800
Interest Income	1,120	14,924	27,996	8,860	14,000
Uncollectible	-	-	-	(7,901)	(4,961)
Cost Sharing Reimbursement/Natural Gas Sales	-	-	-	7,013	7,795
Total Operating Revenues	\$ 828,529	\$ 894,722	\$ 972,274	\$ 1,006,287	\$ 1,125,600
Other Credits and Transfers					
REDO	6,000	-	(20,000)	-	-
SDC Debt Service Offset	5,772	5,772	5,772	5,772	5,772
Premium Transfer	-	2,503	-	-	-
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000
Total Funds Available	\$ 842,301	\$ 904,997	\$ 960,046	\$ 1,014,059	\$ 1,133,372

General Bond Debt Service Fund

(\$ in thousands)	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Operating Revenues					
FFBC & H/C Charges	\$ 8,674	\$ 6,998	\$ 5,685	\$ 2,823	\$ 2,772
Interest Income	51	256	300	-	-
Miscellaneous	219	203	101	210	200
Total Operating Revenues	\$ 8,944	\$ 7,457	\$ 6,086	\$ 3,033	\$ 2,972
Other Credits and Transfers					
REDO	6,000	-	-	-	-
Use of Fund Balance	(6,000)	-	-	-	-
Transfer from Water/Sewer Operating Funds	-	-	20,000	-	-
Total Funds Available	\$ 8,944	\$ 7,457	\$ 26,086	\$ 3,033	\$ 2,972

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

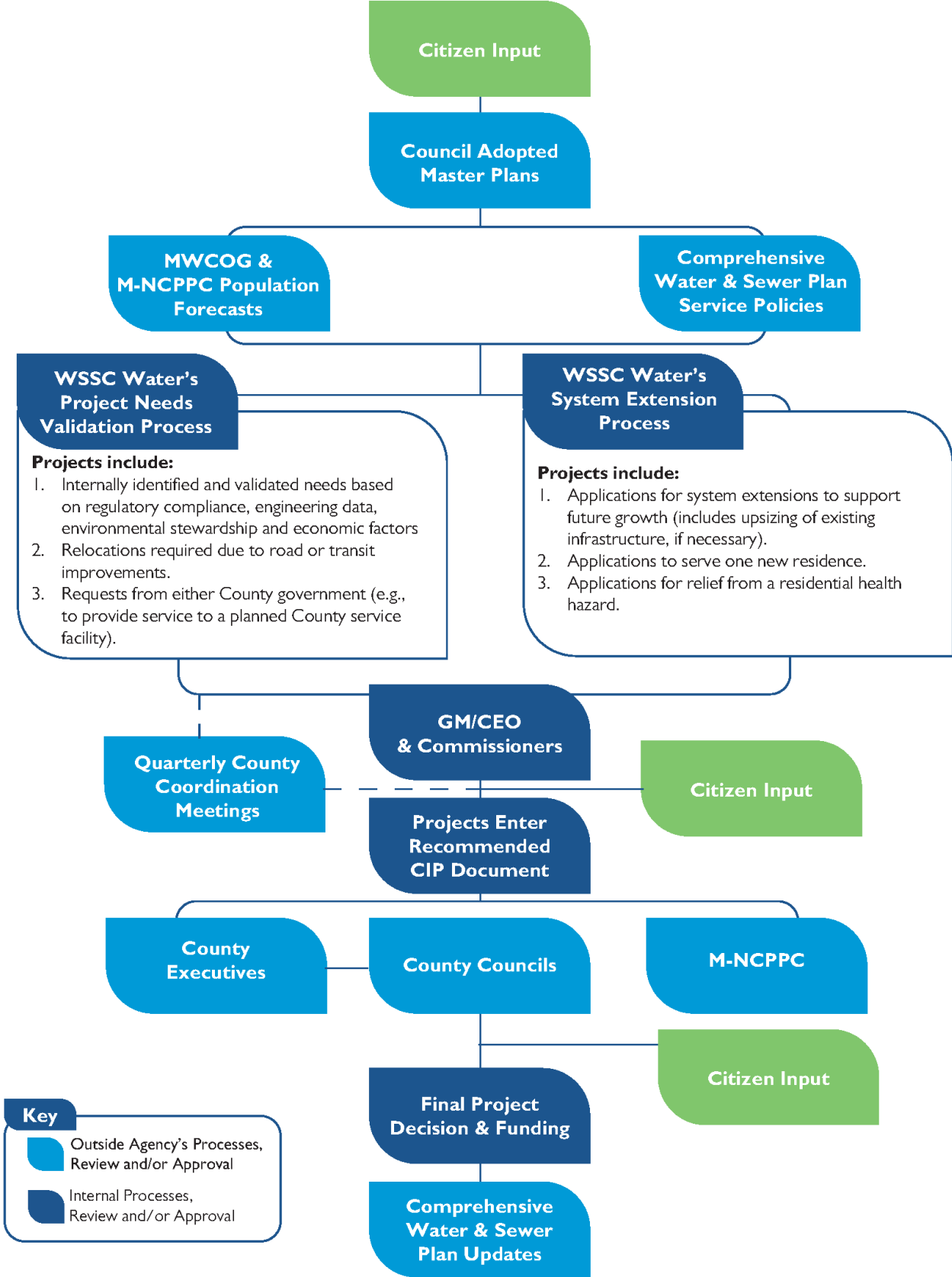
Projects are selected for inclusion in the capital budget based on our Capital Improvements Program (CIP) project development and approval process. The primary objectives of this process are to establish a sound basis for decision-making, to efficiently conduct and document specific work tasks and to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



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

The total funding for the FY 2026 Proposed Capital Budget is \$696.8 million. This is comprised of \$358.7 million in CIP projects, \$356.7 million in Information Only projects and an adjustment of \$(18.7) million to account for expenditures funded via developer contributions for projects with a signed System Extension Permit (SEP). The \$94.4 million decrease from the FY 2025 Approved Capital Budget is driven primarily by the re-baselining of the CIP projects and the removal of a completion factor utilized in prior years' budgets. Key investments in the FY 2026 Proposed Capital Budget are as follows:

1. Invest \$79.5 million to replace 27 miles of water pipe in the Water Reconstruction Program
2. Invest \$54.6 million to replace 6 miles of large diameter water pipe in the Large Diameter Water Pipe & Large Valve Rehabilitation Program
3. Invest \$51.6 million to replace 25 miles of sewer pipe in the Sewer Reconstruction Program
4. Invest \$41.9 million to replace 10 miles of trunk sewer line in the Trunk Sewer Reconstruction Program
5. Invest \$35.0 million in Master Planning and Facilities Planning and Investments
6. Invest \$33.6 million in Lead and Copper Reduction regulatory compliance
7. Invest \$23.8 million in the Anacostia Depot Reconfiguration for mechanical upgrades at the warehouse and the heavy equipment shop and the replacement of the warehouse roof
8. Invest \$9.5 million to replace and upgrade assets at the Support Center that have reached the end of their useful lives

(\$ in thousands)	FY 2025 Approved	FY 2026 Proposed
Capital Improvements Program:		
Montgomery County Water	\$ 8,552	\$ 5,483
Prince George's County Water	65,088	21,552
Bi-County Water	160,961	118,143
Montgomery County Sewer	11,980	13,214
Prince George's County Sewer	62,507	53,536
Bi-County Sewer	160,236	146,804
Total Capital Improvements Program	\$ 469,324	\$ 358,732
Information Only:		
Water Reconstruction Program	109,241	79,500
Sewer Reconstruction Program	73,569	51,637
Anacostia Depot Reconfiguration	27,090	23,822
Laboratory Division Building Expansion	229	2,288
RGH Building Upgrades	7,458	9,548
Engineering Support Program	30,000	25,000
Energy Performance Program	12,956	5,518
Water Storage Facility Rehabilitation Program	20,207	23,044
Specialty Valve Vault Rehabilitation Program	4,186	10,978
Lead Reduction Program	-	33,600
PFAS Management Strategy	-	-
Master Planning and Facilities Planning and Investment	-	35,000
High Inflow and Infiltration Basin Rehabilitation	-	500
Smart Water Meter Infrastructure	-	6,710
Other Capital Programs	61,713	49,652
Total Information Only	\$ 346,649	\$ 356,797
Total Capital Expenses		
	\$ 815,973	\$ 715,529
Adjustment for Developer Contributions	(24,706)	(18,714)
Capital Reductions to the Approved Budget	-	-
Total Capital Budget	\$ 791,267	\$ 696,815

FUNDING SOURCES

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

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

Bonds and Other Debt Instruments

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

PAYGO

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

Grants, Contributions and Other Funding Sources

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

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

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

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

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 2026 Proposed Capital Budget is \$696.8 million. The funding is comprised of \$525.8 million in bonds, \$93.0 million in PAYGO and \$78.0 million in grants, contributions and other funding sources. The \$94.4 million decrease from the FY 2025 Approved Capital Budget is driven primarily by the re-baselining of the CIP projects and the removal of a completion factor utilized in prior years' budgets. Key investments in the FY 2026 Proposed Capital Budget are as follows:

1. Invest \$79.5 million to replace 27 miles of water pipe in the Water Reconstruction Program
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5. Invest \$35.0 million in Master Planning and Facilities Planning and Investments
6. Invest \$33.6 million in Lead and Copper Reduction regulatory compliance
7. Invest \$23.8 million in the Anacostia Depot Reconfiguration for mechanical upgrades at the warehouse and the heavy equipment shop and the replacement of the warehouse roof
8. Invest \$9.5 million to replace and upgrade assets at the Support Center 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
 - Restacking - Renovation Lobby Level, 2nd- 8th-10th and 12th Floor levels
 - Blazer Unit Replacement on the 2nd, Lobby and Lower Levels
 - Facade and Screen Wall Rehabilitations and replacement

(\$ in thousands)	FY 2025 Approved	FY 2026 Proposed
Capital Improvements Program:		
Bonds	\$ 313,724	\$ 190,974
PAYGO	50,601	93,000
Federal Grants	4,769	-
State Grants	3,351	21,326
Local Government Contribution	6,246	9,621
SDC	49,925	25,097
Contribution/Other	40,708	18,714
Total Capital Improvements Program	\$ 469,324	\$ 358,732
Information Only:		
Bonds	324,049	334,797
State Grants	22,600	22,000
Contribution/Other	-	-
Total Information Only	\$ 346,649	\$ 356,797
Total Capital Funding		
Total Capital Funding	\$ 815,973	\$ 715,529
Adjustment for Developer Contributions	(24,706)	(18,714)
Capital Reductions to the Approved Budget	-	-
Total Capital Budget Sources	\$ 791,267	\$ 696,815

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 \$373.8 million. The FY 2026 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.

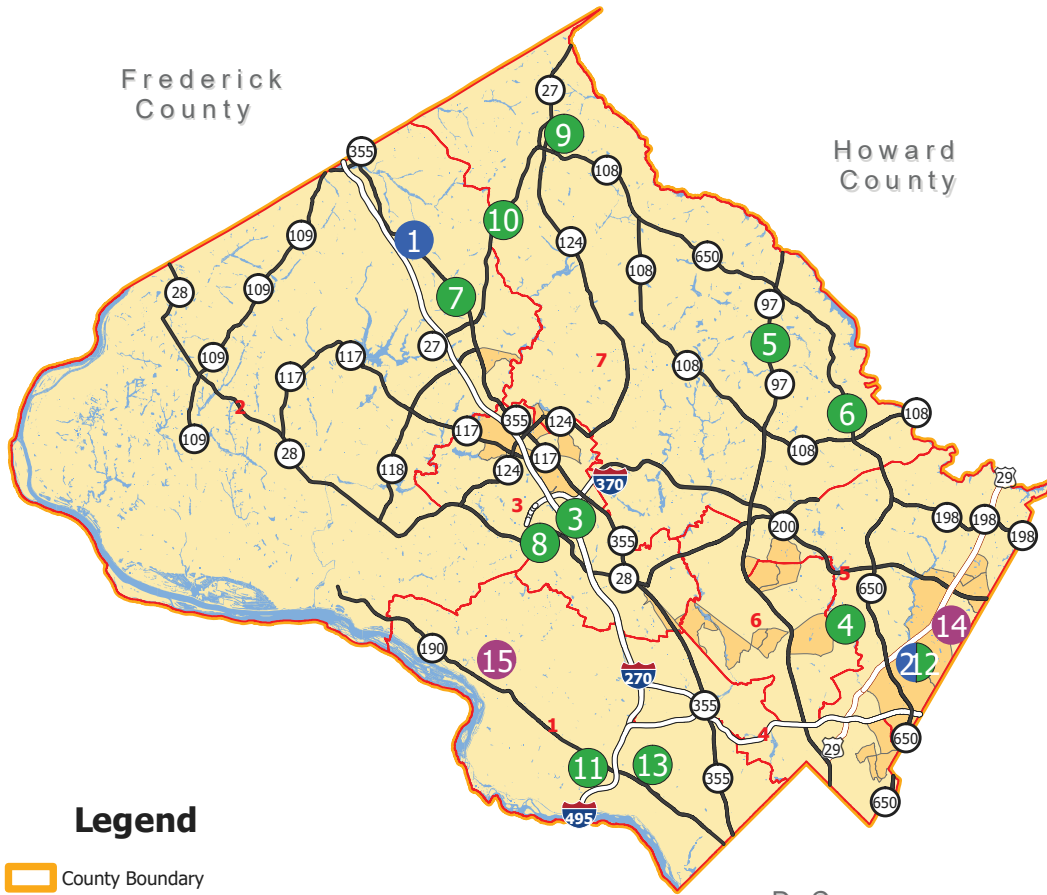
IMPACT OF CAPITAL PROGRAM ON THE OPERATING BUDGET (Continued)

Operating Budget Impacts (Continued)

The following table summarizes the estimated impact on the FY 2026 Proposed Operating Budget based upon projects included in the FY 2026 Proposed Capital Budget:

(\$ in thousands)	FY 2025 Approved	FY 2026 Proposed	FY 2026 Net Impact
Operating - Water and Sewer Program			
Debt Service Expense	\$ 361,968	\$ 373,801	\$ 11,833
Major Capital Projects Net Impact	103,092	-	(103,092)
Total	\$ 465,060	\$ 373,801	\$ (91,259)

MONTGOMERY COUNTY



Frederick County

Howard County

D.C.

Legend

- County Boundary
- Council Districts
- Environmental Justice Limits

Water

- 1 Fraley Farm West Water Main (W-3.04)
- 2 White Oak Water Main Augmentation (W-113.20)
Viva White Oak Water Main (W-113.21)

Sewer

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

Other

- Shown on Map-----
- 14 Laboratory Division Building Expansion(A-101.04)
 - 15 Potomac WFP Submerged Channel Intake (W-73.30)
Potomac WFP Main Zone Pipeline(W-73.32)
Potomac WFP Consent Decree Program(W-73.33)

Other

- Not Shown on Map-----
- 16 Water Storage Facility Rehabilitation Program (W-105.00)
 - 17 Specialty Valve Vault Rehabilitation Program (W-107.00)
 - 18 Lg. Diameter Water Pipe & Valve Rehabilitation Program (W-161.01)
 - 19 1-495/I-270 Traffic Relief Plan Pipeline Relocations (W-161.02)
 - 20 Land & Rights of Way Acquisition Bi-County Water (W-202.00)
 - 21 Sewer Reconstruction Program (S-1.01)
 - 22 Trunk Sewer Reconstruction Program (S-170.09)
 - 23 Land & Rights of Way Acquisition Bi-County Sewer (S-203.00)
 - 24 Engineering Support Program (A-102.00)
 - 25 Energy Performance Program (A-103.00)
 - 26 Other Capital Programs (A-110.00)
 - 27 Smart Water Meter Infrastructure (A-109.01)
 - 28 Lead Reduction Program (A-109.02)
 - 29 PFAS Management Strategy (A-112.00)
 - 30 Master Planning & Facility Planning and Investment (A-113.00)
 - 31 HI-Influent Infiltration Basin Rehabilitation (S-1.02)
 - 32 Water Reconstruction Program (W-1.00)
 - 33 Piscataway Bioenergy (S-103.02)




PRINCE GEORGE'S COUNTY

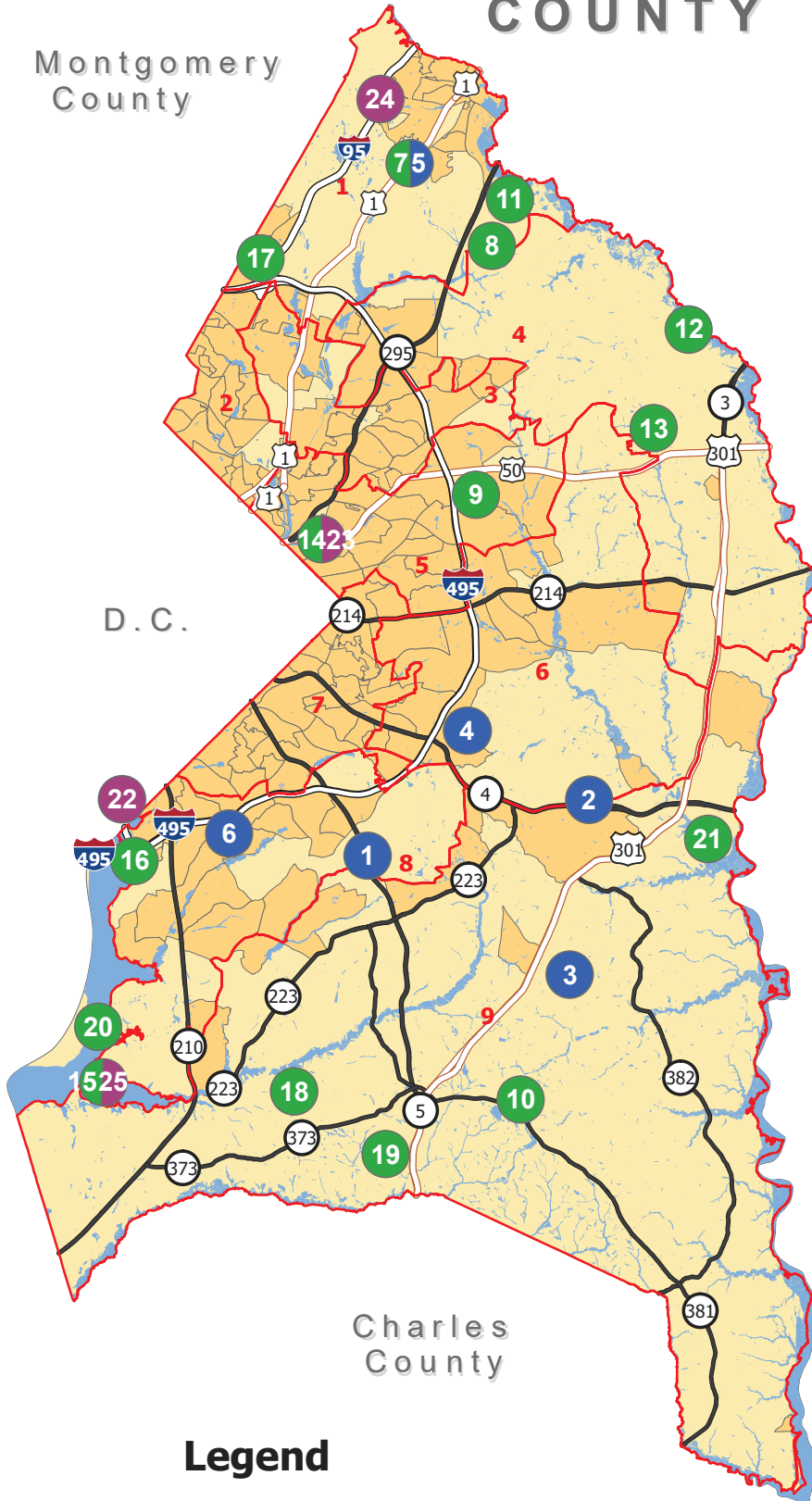
Montgomery County

D. C.

Charles County

Legend

-  County Boundary
-  Council Districts
-  Environmental Justice Limits



Water

- 1 Old Branch Ave Water Main (W-34.02)
Branch Ave Water Transmission Improvements (W-34.04)
- 2 Marlboro Zone Reinforcement Main (W-34.05)
- 3 Rosaryville Water Storage Facility (W-62.06)
- 4 Smith Home Farms Water Main (W-84.03)
Westphalia Town Center Water Main (W-84.04)
Prince George's County 450A Zone Water Main (W-84.05)
- 5 Konterra Town Center East Water Main (W-93.01)
- 6 South Potomac Supply Improvement Phase 2 (W-137.03)

Sewer

- 7 Konterra Town Center East Sewer Main (S-28.18)
- 8 Pumpkin Hill WWPS & FM (S-28.20)
- 9 Carsonsdale WWPS & FM (S-68.02)
- 10 Brandywine Woods WWPS & FM (S-75.23)
- 11 Parkway WRRF & Electrical Upgrades (S-77.21)
- 12 Horsepen WWPS & FM (S-87.19)
- 13 Freeway Airport WWPS & FM (S-87.20)
- 14 Anacostia #2 WWPS Upgrades (S-89.24)
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- 15 Piscataway WRRF Upgrades (S-96.14)
- 16 Forest Heights WWPS & FM (S-113.13)
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- 17 Viva White Oak Sewer Augmentation (S-118.10)
- 18 Pleasant Valley Sewer Main Part 2 (S-131.05)
Pleasant Valley Sewer Main Part 1 (S-131.07)
- 19 Calm Retreat Sewer Main (S-131.11)
- 20 Swan Creek WWPS & FM (S-131.12)
- 21 Western Branch WRRF Process Train Improvements (S-157.02)

Other

- Shown on Map-----
- 22 Blue Plains WWTP Liquid Train Projects Part 2 (S-22.06)
Blue Plains WWTP Biosolids Management Part 2 (S-22.07)
Blue Plains WWTP Plant-Wide Projects (S-22.09)
Blue Plains WWTP Pipelines & Appurtenances (S-22.11)
 - 23 Anacostia Depot Reconfiguration (A-100.01)
 - 24 RGH Building Upgrades (A-101.06)
 - 25 Piscataway Bioenergy (S-103.02)

Other

- Not Shown on Map-----
- 26 Water Storage Facility Rehabilitation Program (W-105.00)
 - 27 Specialty Valve Vault Rehabilitation Program (W-107.00)
 - 28 Lg. Diameter Water Pipe & Large Valve Rehabilitation (W-161.01)
 - 29 I-495/I-270 Traffic Relief Plan Pipeline Relocations (W-161.02)
 - 30 Land & Rights-of-Way Acquisition Bi-County Water (W-202.00)
 - 31 Sewer Reconstruction Program (S-1.01)
 - 32 Mattawoman WWTP Upgrades (S-75.21)
 - 33 Trunk Sewer Reconstruction Program (S-170.09)
 - 34 Land & Rights-of-Way Acquisition Bi-County Sewer (S-203.00)
 - 35 Engineering Support Program (A-102.00)
 - 36 Energy Performance Program (A-103.00)
 - 37 Other Capital Programs (A-110.00)
 - 38 Smart Water Meter Infrastructure (A-109.01)
 - 39 Lead Reduction Program (A-109.02)
 - 40 PFAS Management Strategy (A-112.00)
 - 41 Master Planning & Facility Planning and Investment (A-113.00)
 - 42 Hi-Influent Infiltration Basin Rehabilitation (S-1.02)
 - 43 Water Reconstruction Program (W-1.00)
 - 44 Potomac WFP Submerged Channel Intake (W-73.30)
Potomac WFP Main Zone Pipeline (W-73.32)
Potomac WFP Consent Decree Program (W-73.33)

HIGHLIGHTED PROJECTS

Below are six highlighted projects from the FY 2026 Proposed Capital Budget. All six of the highlighted projects are major ongoing projects. Each of these projects contribute to WSSC Water's mission to provide safe and reliable water, life's most precious resource, and return clean water to our environment, all in an ethical, sustainable, and financially responsible manner.

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 \$618.3 million. During FY 2026, WSSC Water is investing \$79.5 million to work on 27 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 \$416.6 million. During FY 2026, WSSC Water is investing \$54.6 million to work on 6 miles of >16" water mains.

HIGHLIGHTED PROJECTS (Continued)

Sewer Reconstruction Program (S-1.01)



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 \$336.3 million of which \$216.3 million is funded through WSSC Bonds and \$120 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 FY 2026, WSSC Water is investing \$51.6 million to replace 25 miles of sewer mains less than 15-inches in diameter.

Trunk Sewer Reconstruction Program (S-170.09)



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 \$191.2 million. During FY 2026, WSSC Water is investing \$41.9 million to work on 10 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 estimated total cost for this project is \$67.1 million. During FY 2026, WSSC Water is investing \$23.8 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 \$49.3 million. During FY 2026, WSSC Water is investing \$23.0 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 IIF is a fee that was first implemented in Fiscal Year (FY) 2016 and phased in over two fiscal years. The purpose of the fee is to fund a portion of the debt service associated with the water and sewer reconstruction programs. The FFBC is assessed to owners of property abutting water and/or sewer mains who derive a benefit from the construction of these water and sewer mains.

Should the revenues from these sources be inadequate to service the debt repayments, state law provides for the levy of ad valorem taxes, annually, against all the assessable property within the Washington Suburban Sanitary District (WSSD) by the County Councils of Montgomery and Prince George's Counties, sufficient to pay principal and interest when due and payable. WSSC Water has never needed to invoke this underlying pledge. 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 2026 principal and interest payments on current outstanding debt as of June 30, 2024, budgeted new debt issues approved for FY 2025 and the proposed issuance of \$494.4 million in new debt for FY 2026 (\$284.4 million for water and \$210.1 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 2026-2031, as well as the Information Only projects included in the CIP document. The FY 2026 Proposed Budget for debt service expenses is \$373.8 million, an increase of \$11.8 million or 3.3% more than the FY 2025 Approved Budget of \$362.0 million. The increase is primarily due to: project cost escalation due to higher material and labor costs, and deferrals and reductions made to the FY 2025 Approved Capital Budget in order to stay within budget parameters. The FY 2026 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 from a residential health hazard. As of FY 2024, general construction bonds are not longer being issued by WSSC Water,

DEBT SERVICE AND OBLIGATION PURPOSE (Continued)

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

In the FY 2026 CIP, the Potomac WFP Consent Decree Program and the Large Diameter Water Pipe & Large Valve Rehabilitation Program will be financed with Green Bonds. Green bond proceeds will be specifically directed to pay the costs of design, construction, property acquisition and other related costs necessary for the selected projects. WSSC Water will produce an annual report detailing how the Green bond proceeds were used to finance the selected projects, a description of the selected projects and details of the environmental benefits resulting from the projects. Additional information on WSSC Water's Green bond program and reporting can be found on our website at <https://www.wsscwater.com/greenbond>.

Maryland Water Quality Revolving Loan Fund Program

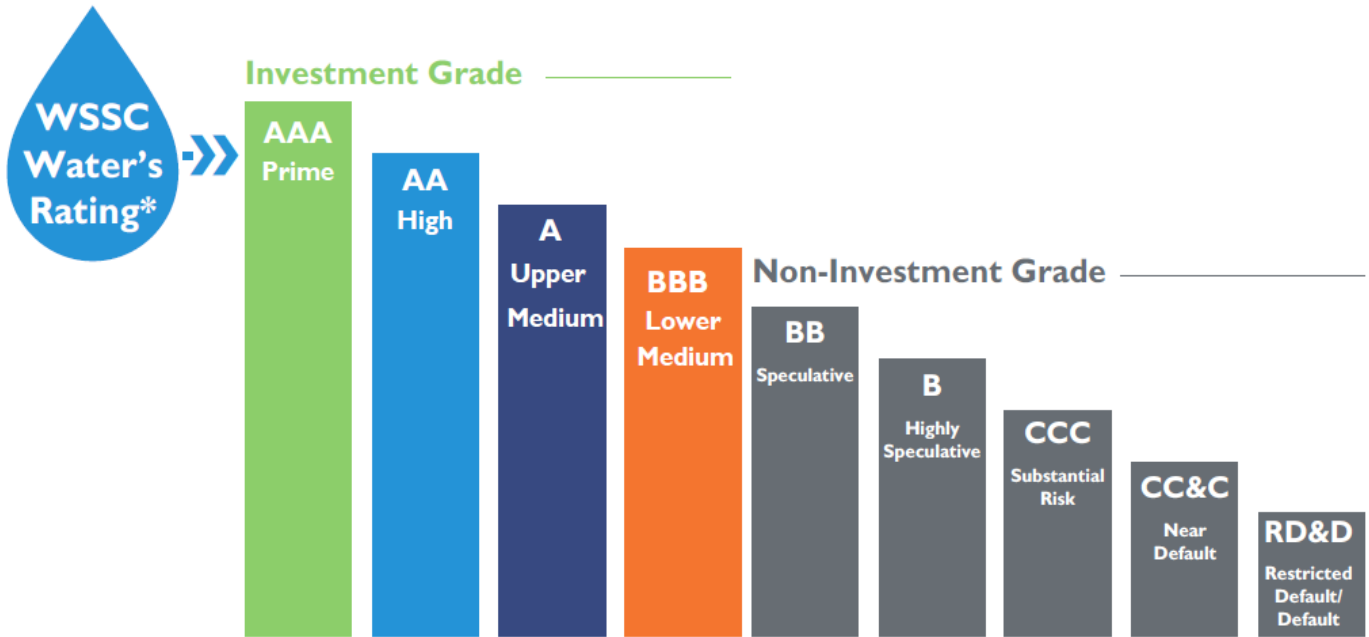
In addition to issuing debt in the private financial markets, WSSC Water periodically borrows funds from the Water Quality Revolving Loan Fund Program managed by the Maryland Department of the Environment's Water Quality Financing Administration to fund major capital improvements that are needed to help 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 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 sufficient debt coverage and liquidity. For 23 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



- * Maintaining a AAA rating for our bonds helps lower costs to our customers
- * WSSC Water could likely see an increase in credit spreads from the downgrade from AAA to AA of 5 basis points in a good or stable market and up to 8 basis points in a more challenging market
- * We plan to issue around \$494 million to \$545 million of debt per year over the next six years
- * Based on the current fiscal year market environment, WSSC Water is estimated to eliminate approximately \$3.2 million in total interest expense over 30 years from maintaining our AAA rating compared with a one-step lower rating of AA at a 5 basis point spread
- * When compounded over a 30 year period, the annual interest expense savings of \$0.15 million per year on debt service would result in cumulated savings of \$49.2 million

OUTSTANDING DEBT

Debt Principal and Interest Obligations

Debt Principal and Interest Obligations			
(\$ in millions)			
Year	Principal	Interest	Total
2025	202.4	141.3	343.7
2026	197.8	134.0	331.8
2027	196.9	127.1	324.0
2028	197.4	121.3	318.7
2029	187.6	114.1	301.7
2030	182.4	107.2	289.6
2031	176.2	100.5	276.7
2032	166.3	94.3	260.6
2033	151.0	88.4	239.4
2034	155.6	83.2	238.8
2035	149.8	78.4	228.2
2036	152.2	73.2	225.4
2037	147.5	68.2	215.7
2038	149.0	63.4	212.4
2039	153.8	58.4	212.2
2040	158.8	53.3	212.1
2041	163.9	48.0	211.9
2042	169.1	42.7	211.8
2043	174.4	37.3	211.7
2044	179.7	31.8	211.5
2045	166.2	26.0	192.2
2046	149.1	20.5	169.6
2047	123.3	15.5	138.8
2048	99.7	11.4	111.1
2049	79.3	8.3	87.6
2050	69.6	5.8	75.4
2051	55.8	3.9	59.7
2052	41.4	2.1	43.5
2053	21.8	0.7	22.5
2054	0.8	0.0	0.8
Total	\$ 4,219.2	\$ 1,760.3	\$ 5,979.5

¹ The debt summary and schedule includes Bonds and General Notes.

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

OUTSTANDING DEBT (Continued)

Actual Principal Debt Outstanding

WSSC Water’s principal debt amounts outstanding are reflected in the table below. The total debt outstanding for the agency was \$4.2 billion as of June 30, 2024, a 2.5% increase over the June 30, 2023, figure of \$4.1 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 06/30/23	% of Total	Outstanding 06/30/24	% of Total
Water Supply Bonds ¹	\$ 1,645,103,265	41.6%	\$ 1,808,013,747	44.0%
Sewage Disposal Bonds	1,846,074,095	46.6%	1,861,073,521	45.3%
General Construction Bonds	123,415,639	3.1%	111,138,731	2.7%
Maryland Water Quality Bonds ²	347,065,348	8.8%	328,711,973	8.0%
Total Bonds	\$ 3,961,658,347	100.0%	\$ 4,108,937,972	100.0%
Water, Sewer and General Notes	153,400,000		110,300,000	
Total Principal Debt Outstanding	\$ 4,115,058,347		\$ 4,219,237,972	

¹Includes \$169,740,000 in Green Bonds

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

FY 2026 Estimated Debt Outstanding

The estimated principal debt outstanding at the end of FY 2026 is built upon a base of the existing outstanding debt from past issuance (as of June 30, 2024), the anticipated debt sale for FY 2025 and the proposed debt in FY 2026, along with the estimated principal payments in FY 2025 and FY 2026. The table that follows shows that the existing outstanding debt of \$4.2 billion as of June 30, 2024 is projected to grow to a total of \$4.7 billion as of June 30, 2026, an increase of 10.9%.

Total Principal Debt Outstanding, June 30, 2024		\$ 4,219,237,972
Less: Estimated Principal Payments		
	FY 2025 for All Outstanding Bonds and Notes as of June 30, 2024	(202,444,491)
	FY 2026 for All Outstanding Bonds and Notes as of June 30, 2024	(197,804,082)
Existing Principal Debt Outstanding		\$ 3,818,989,399
Plus:		
FY 2025 Budgeted New Debt Issues:		
	Water Supply Bonds	215,396,000
	Sewage Disposal Bonds	174,865,000
	General Construction Bonds	600,000
FY 2026 Proposed New Debt Issues:		
	Water Supply Bonds	284,388,000
	Sewage Disposal Bonds	210,053,000
Less: Estimated Principal Payments:		
	FY 2025 for Budgeted New Issues as of June 30, 2025	(6,416,980)
	FY 2025 and FY 2026 for Budgeted and Proposed New Issues as of June 30, 2026	(14,809,495)
Total Estimated Principal Debt Outstanding (As of June 30, 2024)		\$ 4,683,064,924

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	\$ 136,976,996
3.8% of Total Assessable Tax Base of All Real Property	14,411,055,927
Total Debt Limit (As of June 30, 2023)	\$ 14,548,032,923
Less: Total Estimated Debt Outstanding (As of June 30, 2025)	\$ (4,683,064,924)
Legal Debt Margin	\$ 9,864,967,999

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, 2024 the total outstanding debt of \$4.2 billion represented 29.0% 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
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%
2020	313,962,596	11,987,471	3,423,144	28.6%

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.

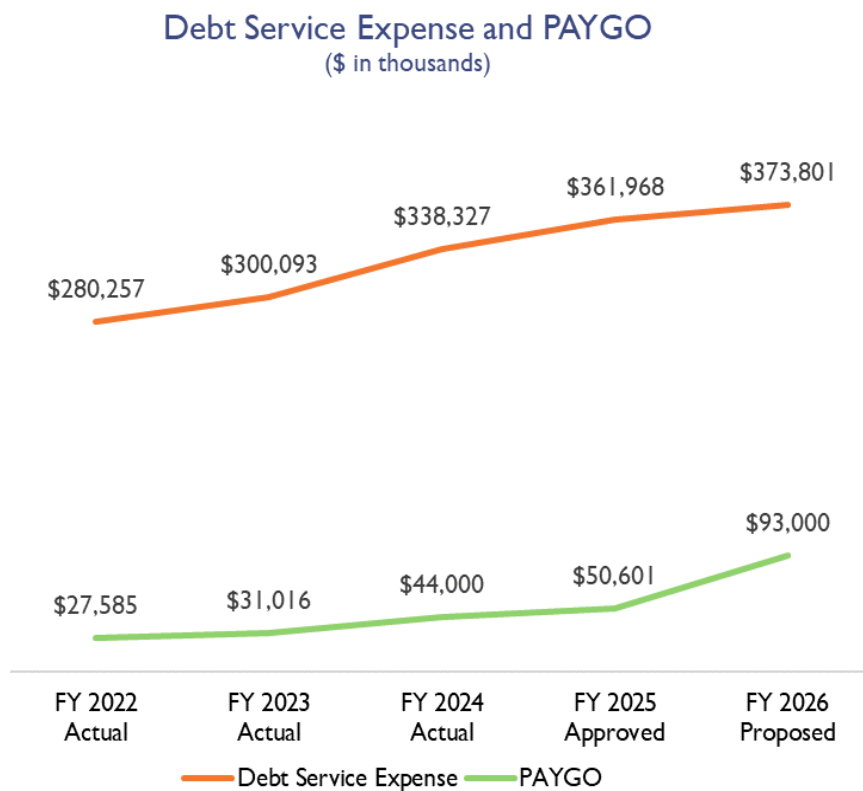
³The assessed valuation figures are based on the totals for Montgomery and Prince George’s Counties (through FY 2024), which are being used as an approximation of the values for the WSSD.

DEBT SERVICE TRENDS

Water and Sewer Debt Service and PAYGO

The water and sewer debt service expenses (\$373.8 million in FY 2026) 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 that follows shows annual water and sewer debt service expenses and PAYGO for FYs 2022-2026. WSSC Water's requirements for water and sewer debt service have been increasing, from a total of \$307.8 million in debt service and PAYGO in FY 2022 to an estimated \$466.8 million in FY 2026. 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.

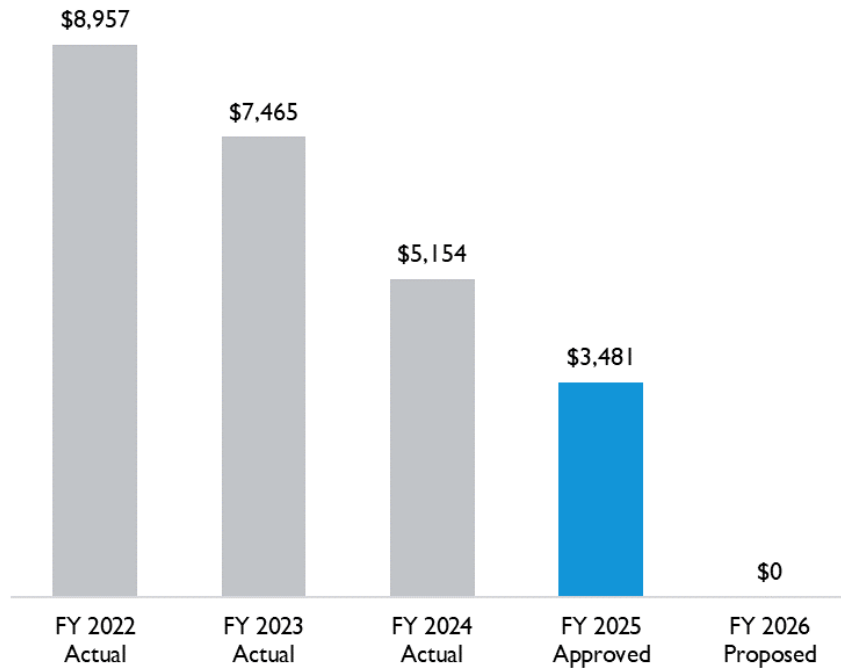


DEBT SERVICE TRENDS (Continued)

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 \$8.9 million in FY 2022. 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.

General Construction Debt Service
(\$ in thousands)



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 \$149.1 million included in the Fiscal Year (FY) 2026 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 2026 (\$ in thousands)
S - 1.01 Sewer Reconstruction Program	Ongoing	\$ 51,637
S - 22.11 Blue Plains WWTP: Pipelines & Appurtenances	Ongoing	16,862
S - 170.09 Trunk Sewer Reconstruction Program	Ongoing	41,879
W - 73.33 Potomac WFP Consent Decree Program	Construction	38,717
Total Water Quality Projects		\$ 149,095

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>.



REVISED LEAD AND COPPER RULE

First passed in 1992, the EPA's Lead and Copper Rule (LCR) is one of the highest profile Safe Drinking Water Act (SDWA) regulations. WSSC Water continually meets all regulatory requirements of this rule and due to historically low lead and copper results, is currently under reduced monitoring. WSSC Water also proactively engages in voluntary actions to better address the concerns of lead in drinking water. In 2006, WSSC Water voluntarily completed a system-wide search and replacement program for lead service lines, replacing any lead pipes found in the spaces maintained by WSSC Water. As a result, 90th percentile lead level from the latest round sampling is below the analytical detection limit of 1 ppb, far below EPA's Action Level of 15 ppb. The most recent round of monitoring was performed in FY 2024 with the 90th percentile for lead at <2.0 ppb. Building on this foundation, WSSC Water is preparing for continued compliance with EPA's Lead and Copper Rule Revisions (LCRR). Promulgated in December 2021, LCRR requires significantly increased level of compliance efforts. The changes in the new regulation include expanded customer tap sampling, monitoring from schools and childcare facilities, lead service line inventory, replacement plan and sampling plan. In addition to the existing lead action level (AL) of greater than or equal to 15 ppb, a lead trigger level (TL) of above 10 ppb but less than 15 ppb was established. WSSC Water plans to engage with the provisions of this rule in two phases which are divided by activities required before and after the start of compliance in January 2025.

The first phase of LCRR compliance includes:

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

Once LCRR compliance begins:

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

WATER QUALITY CAMPAIGNS

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

Drinking Water Source Protection

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

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
- Join our crew of Patuxent Watershed Protectors to keep the land around our two drinking water reservoirs on the Patuxent River trash-free



Get more information at <https://www.wsscwater.com/what-we-do/water-quality/drinking-water-source-protection>.

Lead Prevention In Drinking Water

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

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

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

- Run water to flush out any potential lead content: if water has not been used for several hours, run water for 15 to 30 seconds or until it becomes cold or reaches a steady temperature before using it for drinking or cooking
- Use cold water for drinking, cooking and preparing baby formula

WATER QUALITY CAMPAIGNS (Continued)

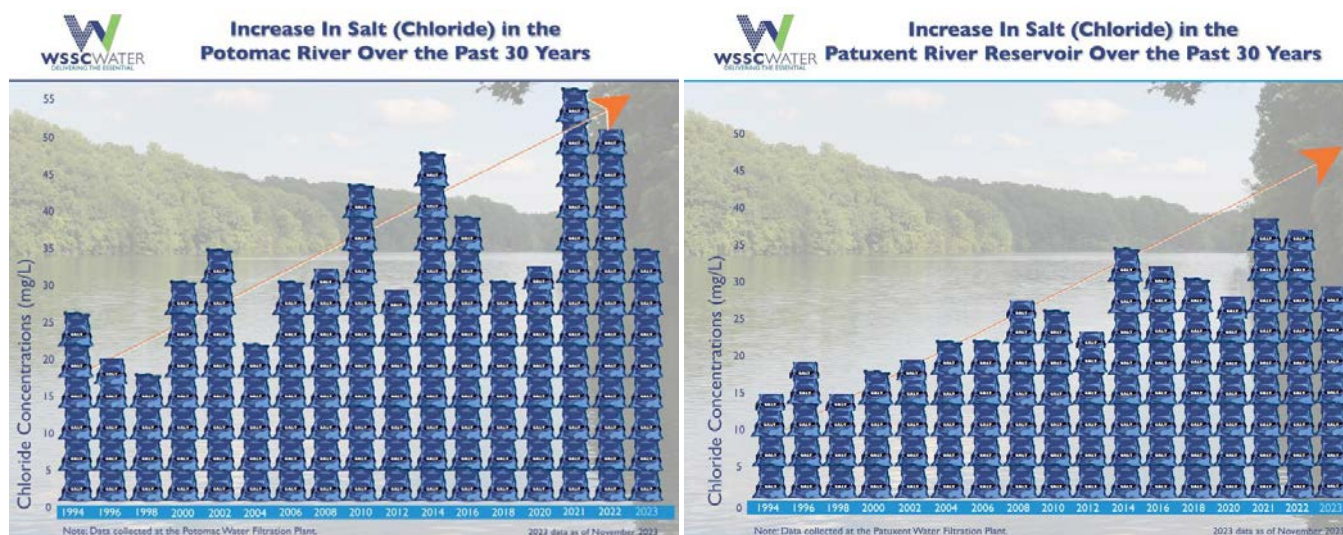
Lead Prevention In Drinking Water (Continued)

- Periodically remove debris from faucet strainers – recommended twice a year
- Have an electrician check the grounding in the home
- Get children tested: contact a local health department or healthcare provider to find out how to get children tested for lead, if concerned about exposure

Saltwise in Winter

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

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



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

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

WATER QUALITY CAMPAIGNS (Continued)

Fats, Oils and Grease

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

Keep The Wipes Out of The Pipes

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

Literally tons of wipes, still intact, clog pumps at wastewater pumping stations across the nation or end up at WRRFs and then have to be hauled away. WSSC Water has spent over \$2 million to install grinders at a number of our wastewater pumping stations to deal with the growing problem of wipes in the pipes. WSSC Water reminds customers to use the trash can for trash.



Pharmaceuticals and Other Hazardous Wastes

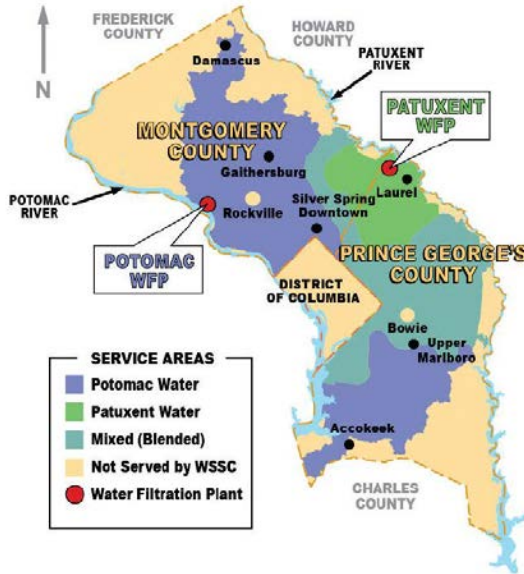
WSSC Water adopted the U.S. Food and Drug Administration recommendations to not dispose of unused or expired pharmaceutical drugs into the sanitary sewer system. Any pharmaceutical flushed down the toilet or discharged to the sanitary sewer system could potentially make its way into the drinking water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

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

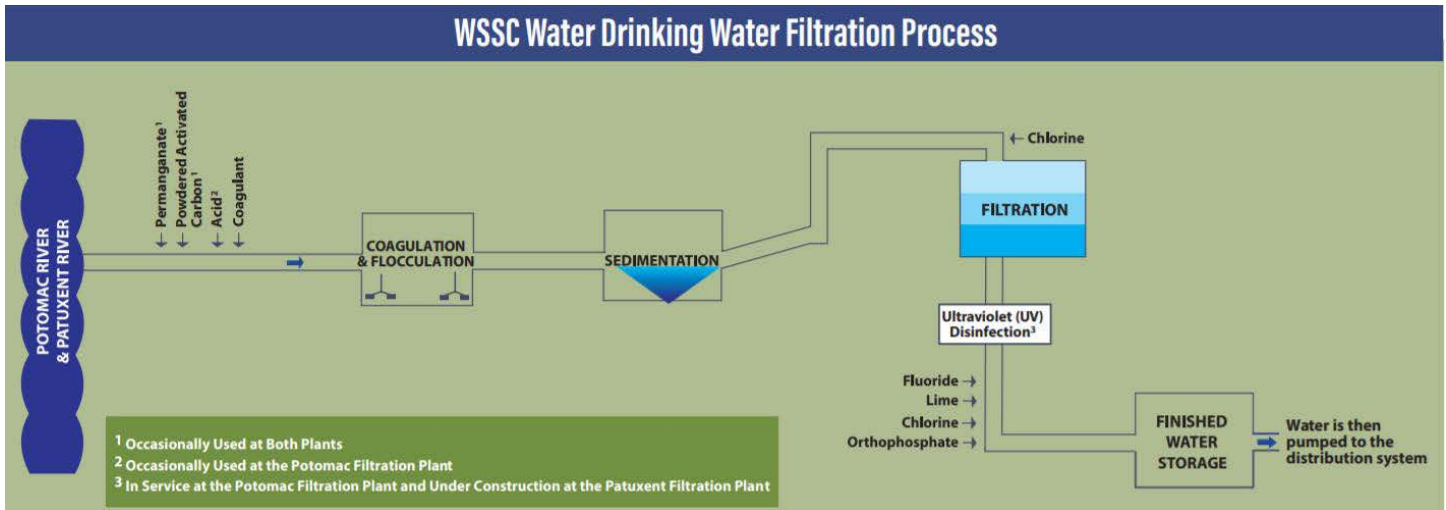
As for other hazardous wastes such as household cleaners, pesticides, paints, motor oil and prescription drugs: never pour them down the drain, in the toilet, on the ground or in storm drains. The best place to take these hazardous substances is to a recycling center. Please contact your County's solid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

PERFORMANCE OF KEY SERVICES

One of the WSSC Water’s primary goals is to provide a safe and reliable supply of drinking water that meets or exceeds the requirements of the Safe Drinking Water Act and other federal and state regulations. The Patuxent and Potomac rivers are the sources of all the water we filter and process. WSSC Water operates and maintains two water filtration plants located in Prince George’s and Montgomery Counties. The map below shows the approximate service areas of both plants.



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



Water Filtration and Treatment - Turbidity

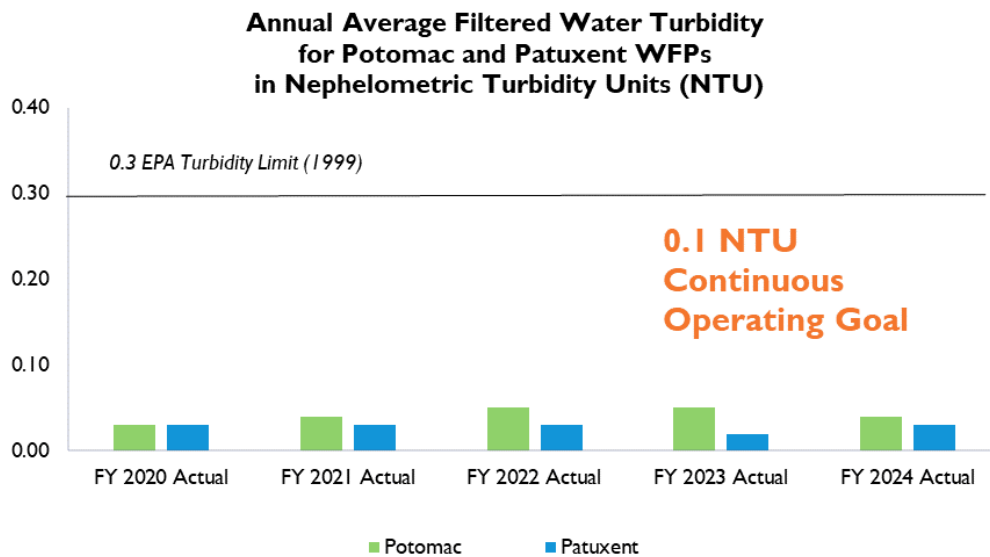
WSSC Water has never exceeded a maximum contaminant level or failed to meet a treatment technique requirement established by the EPA in accordance with the Safe Drinking Water Act.

In addition to traditional approaches to ensuring drinking water quality, WSSC Water continues to place particular emphasis on addressing low-level contaminants, such as disinfection by-products, and maintaining low levels of turbidity (suspended sediment) to ensure public health protection. The agency continues to work closely with local and national professional and research organizations, as well as with state and County agencies and the EPA, to ensure that our treatment methods are cost-efficient and consistent with current research findings.

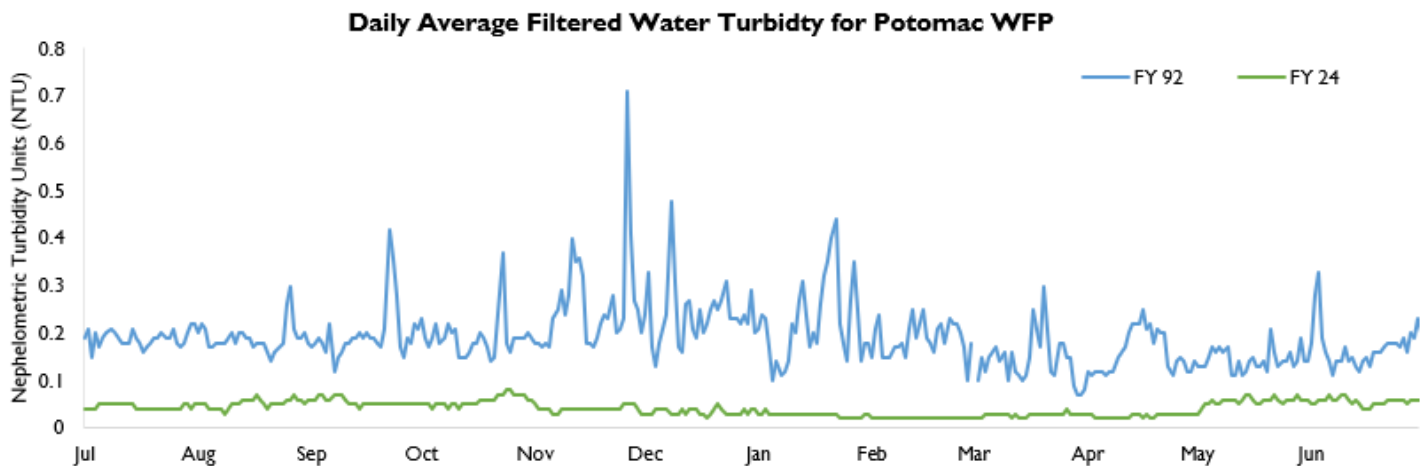
PERFORMANCE OF KEY SERVICES (Continued)

Water Filtration and Treatment – Turbidity (Continued)

WSSC Water’s continued participation in the Partnership for Safe Water Program is indicative of our commitment to protecting our drinking water. A primary goal of this program is to maintain filtered water turbidity well below EPA established limits to effectively guard against *Cryptosporidium*. *Cryptosporidium* is a microbial pathogen found in surface water throughout the U.S. Ingestion of *Cryptosporidium* may cause cryptosporidiosis, an abdominal infection. Although WSSC Water was already meeting the then newly-established maximum average monthly turbidity requirement of 0.5 NTU, a substantial effort was made in FY 1992 to further improve water quality to prevent emerging problems associated with *Cryptosporidium*. The graph below shows the average turbidity for the Potomac and Patuxent Water Filtration Plants (WFPs) for FYs 2020 - 2024. The EPA reduced the turbidity limit to 0.3 NTU in 1999, still well above the levels being achieved by WSSC Water. A maximum water turbidity of 0.1 NTU level has been and will continue to be a key objective for WSSC Water’s Production Department.



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

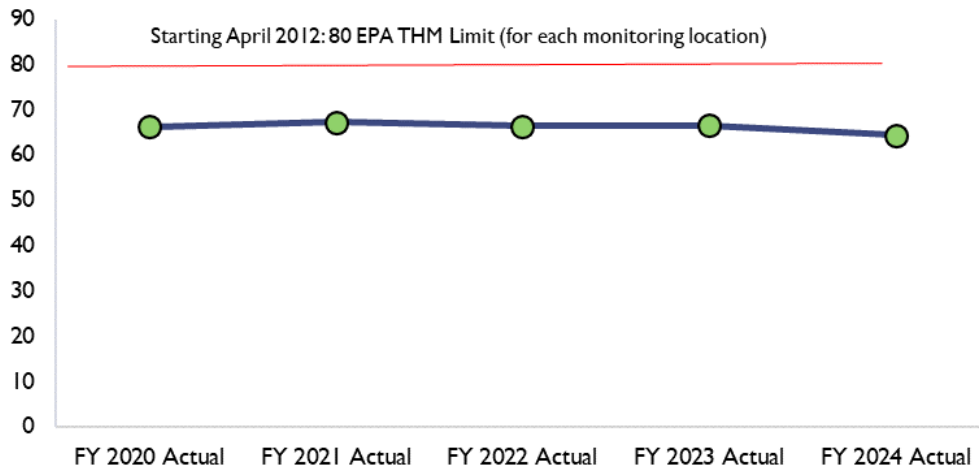


PERFORMANCE OF KEY SERVICES (Continued)

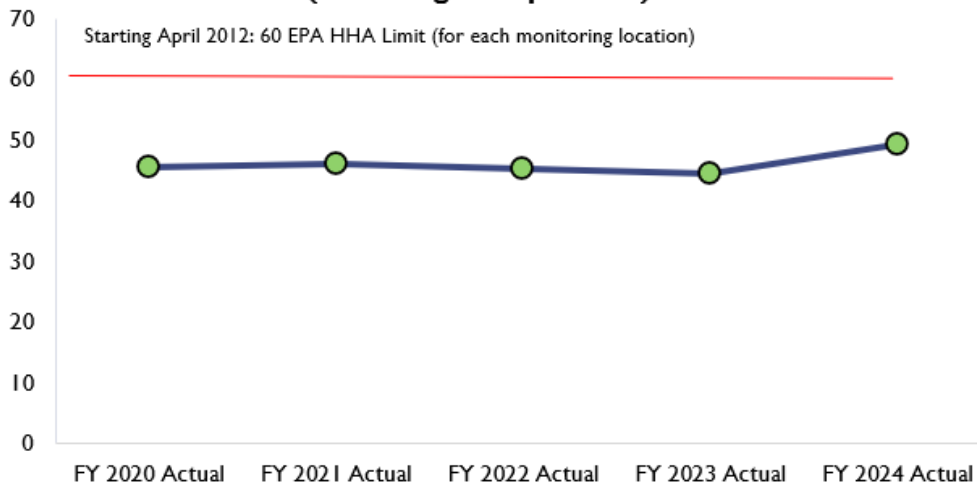
Water Filtration and Treatment – Trihalomethanes and Haloacetic

WSSC Water has also been aggressively pursuing enhanced coagulation (optimization of coagulant doses and pH levels to improve total organic carbon removal) to enhance disinfection byproduct precursor removal, thereby lessening the formation of potential carcinogens in the finished water. Effective January 2001, the EPA reduced the standard for trihalomethanes (THMs) from 100 to 80 micrograms or lower of total THMs per liter in finished water. At the same time, the EPA also established a maximum contaminant level for haloacetic acids (HAAs) of 60 micrograms of five HAAs per liter in finished water. As shown in the figures below, WSSC Water is meeting the THM and HAA standards with the help of its enhanced coagulation initiatives. The Stage 2 Disinfection By-products rule took effect near the end of FY 2012 and builds upon earlier rules to improve drinking water quality. The rules strengthen public health protection from disinfection by-products by requiring drinking water systems to meet maximum contaminant levels at each compliance monitoring location (as a locational annual average) instead of as a system-wide average as in previous rules. The annual average is shown below as the highest quarterly running annual average for a given fiscal year.

**THMs in Location with Highest Average
(in micrograms per liter)**



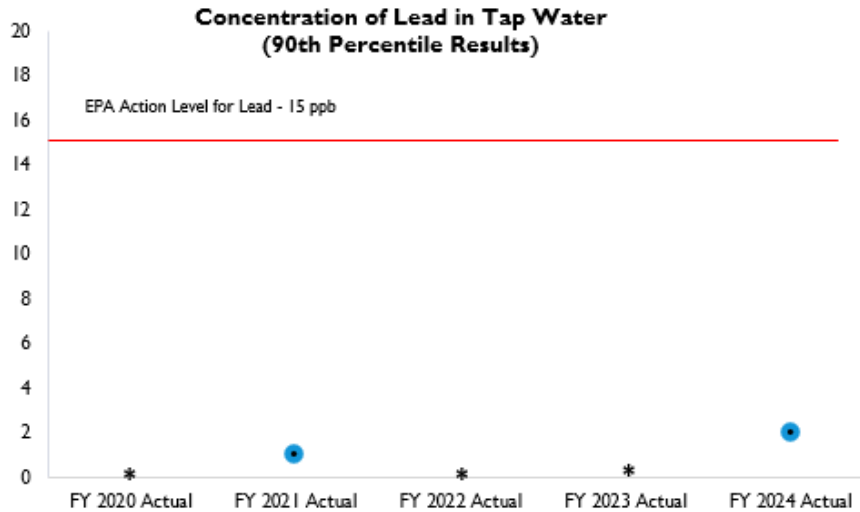
**HAAs in Location with Highest Average
(in micrograms per liter)**



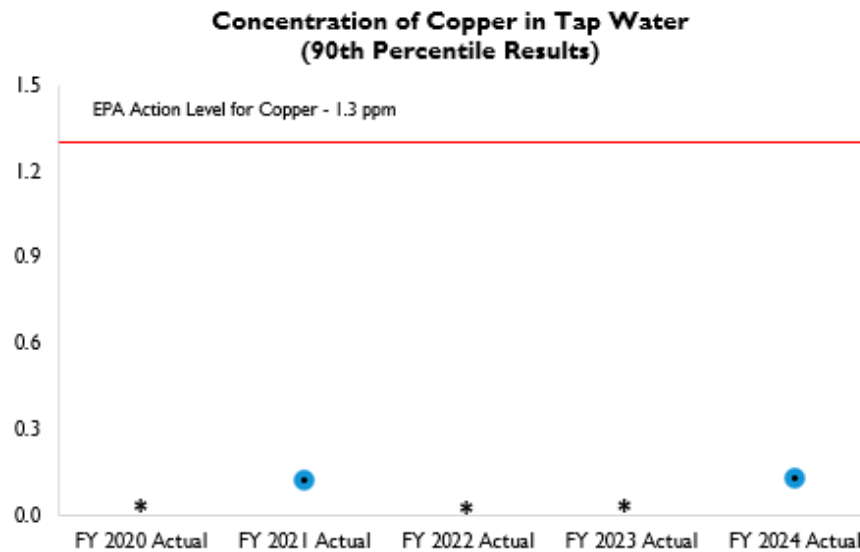
PERFORMANCE OF KEY SERVICES (Continued)

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.

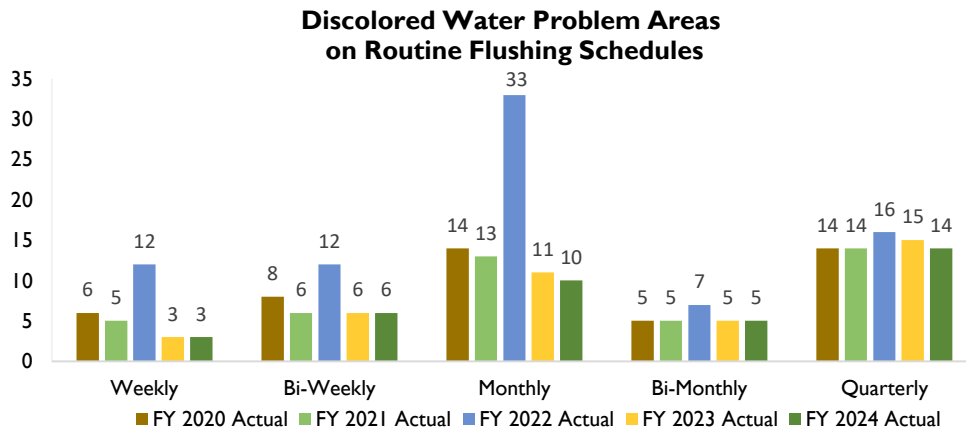
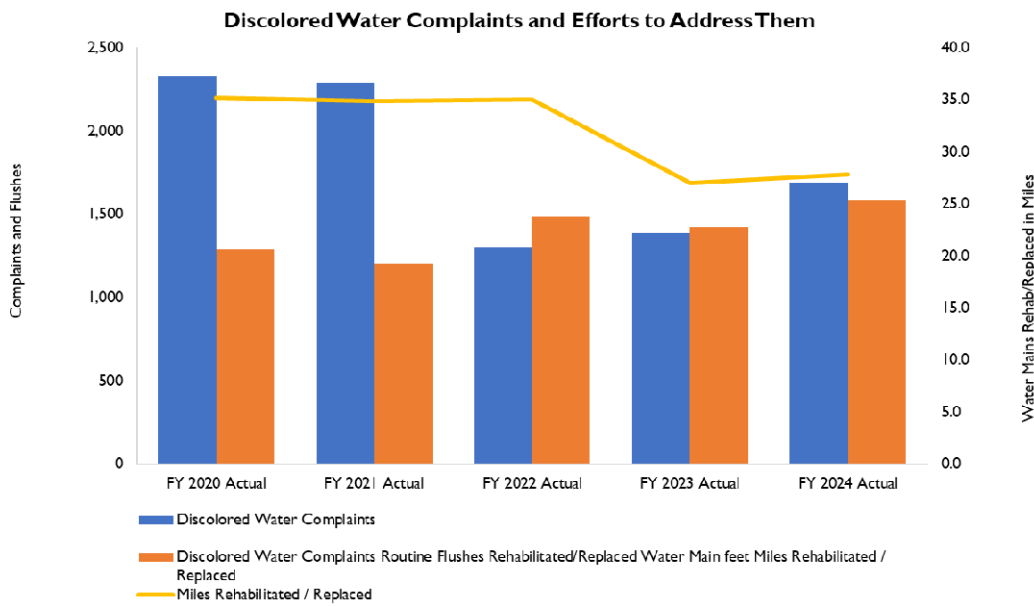


*No sampling required in these years.

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).

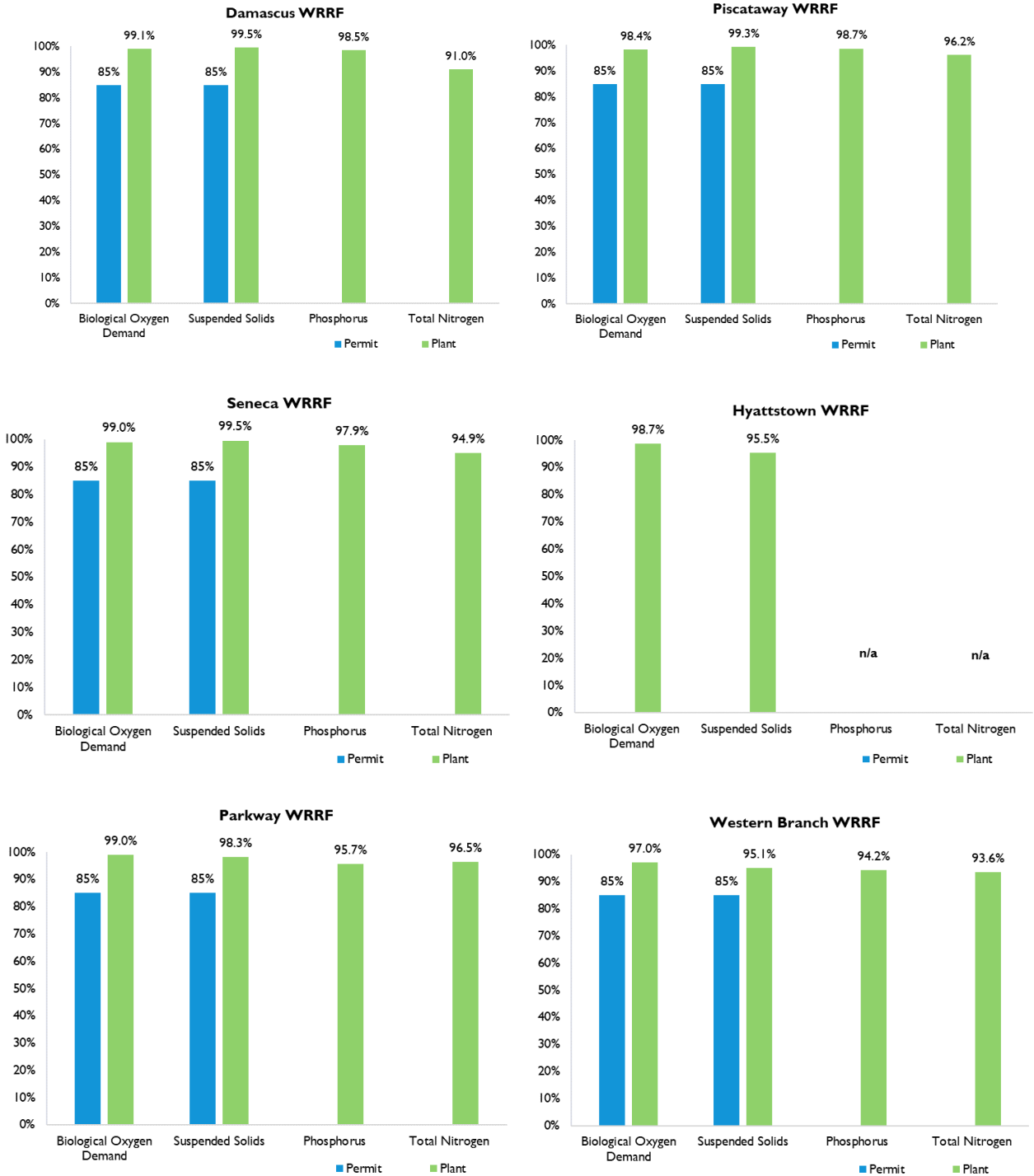


The graph above shows the number of areas requiring regular flushing on a weekly, bi-weekly, monthly, bi-monthly, quarterly, or semi-annual basis.

PERFORMANCE OF KEY SERVICES (Continued)

FY 2024 Percentage Removal of Substances Regulated by Discharge Permits

The following graphs present actual FY 2024 plant performance for WSSC Water’s six Water Resource Recovery Facilities (WRRFs) in terms of the percentage of specific substances removed compared to state and federal discharge permit requirements. The substances regulated differ from plant to plant, depending (in part) on the river or stream into which the treated water is discharged. 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 2026, the Production Department will continue to pursue its goal of meeting or surpassing the permit requirements where applicable.

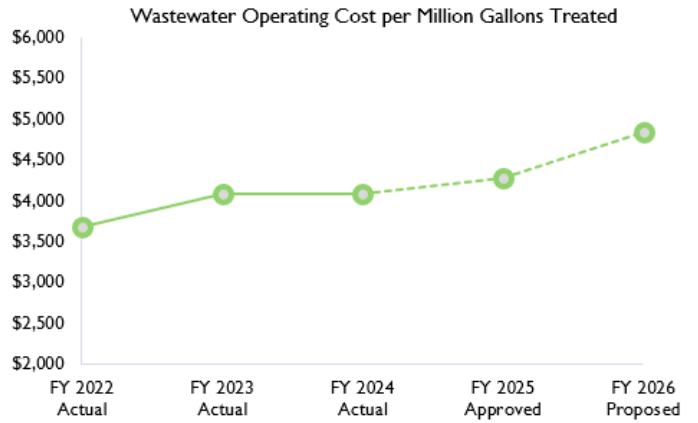
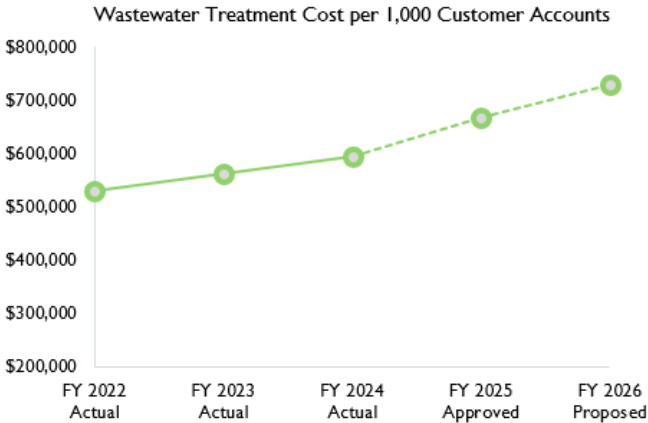
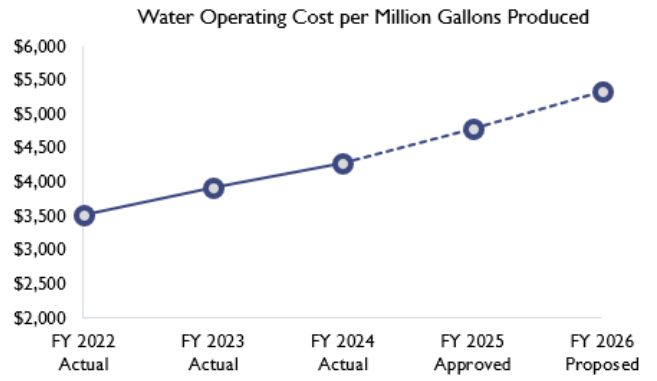
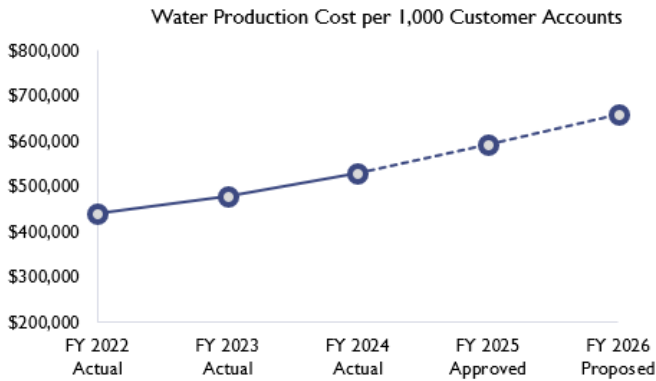


Note: ■ Permit should be less than ■ Plant

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 2024 through FY 2026. These increases are primarily due to inflated chemical costs as well as increased water and wastewater operating costs.



Note: FY 2025 and FY 2026 are budgeted, not actual

SECTION II
ORGANIZATIONAL BUDGETS

ORGANIZATIONAL BUDGETS AND MEASURES

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

COMPARATIVE EXPENSES BY ORGANIZATION ALL OPERATING & CAPITAL FUNDS

Organization	FY 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Change	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Governance								
Commissioners'/Corporate Secretary's Office*	2.0	\$ 562,784	6.0	\$ 659,768	3.0	\$ 747,261	(3.0)	\$ 87,493
Office of the Inspector General*	8.5	1,607,567	10.0	1,745,093	10.0	2,109,295	-	364,202
Ethics Office	-	-	-	-	3.0	566,040	3.0	566,040
Office of the General Manager								
General Manager's Office	6.9	1,880,602	8.0	2,078,913	4.0	1,281,023	(4.0)	(797,890)
Intergovernmental Relations Office	2.2	735,717	5.0	1,001,172	4.0	1,141,096	(1.0)	139,924
Human Resources Department	29.6	4,874,076	37.0	6,909,207	37.0	8,356,901	-	1,447,694
General Counsel's Office	24.1	10,537,880	31.0	10,937,118	31.0	12,397,427	-	1,460,309
Finance and Customer Service								
Finance Department	58.7	8,889,129	65.0	9,467,053	67.0	11,130,142	2.0	1,663,089
Customer Service Department	143.9	17,631,302	140.0	19,645,384	157.0	21,159,053	17.0	1,513,669
Engineering & Construction Department	331.6	410,804,113	381.0	724,331,988	382.0	644,619,836	1.0	(79,712,152)
Information Technology Department	87.8	57,831,309	113.0	69,834,528	119.0	73,078,330	6.0	3,243,802
External Affairs								
External Affairs Branch Office	-	-	-	-	2.0	445,458	2.0	445,458
Office of Performance & Accountability	4.8	1,138,352	9.0	1,558,416	9.0	1,831,998	-	273,582
Communications & Community Engagement Office	12.4	1,963,238	22.0	4,462,771	22.0	5,912,021	-	1,449,250
Office of Supplier Diversity & Inclusion	9.4	1,218,200	10.0	1,362,484	10.0	1,577,462	-	214,978
Procurement Office	26.5	3,330,313	37.0	4,087,865	37.0	5,265,656	-	1,177,791
Operations								
Operations Branch Office	-	-	-	-	1.0	335,587	1.0	335,587
Production Department	300.9	172,133,276	345.0	191,863,057	351.0	205,506,259	6.0	13,643,202
Utility Services Department	454.1	94,652,055	538.0	139,309,977	564.0	128,797,971	26.0	(10,512,006)
Office of Operational Reliability & Resilience	4.1	1,218,589	10.0	1,953,665	17.0	5,947,595	7.0	3,993,930
Mission Support								
Mission Support Branch Office	-	-	-	-	1.0	317,129	1.0	317,129
General Services Department	113.2	60,678,512	141.0	100,597,354	146.0	110,597,672	5.0	10,000,318
Police & Homeland Security Office	37.4	5,833,417	45.0	5,975,762	45.0	7,312,986	-	1,337,224
Occupational Health & Safety Division	9.0	2,320,633	10.0	3,505,317	18.0	5,496,266	8.0	1,990,949
Other								
Human Resources Non-Departmental	-	37,954,765	-	34,077,175	-	40,415,946	-	6,338,771
Finance Non-Departmental								
Debt Service	-	343,481,085	-	365,448,999	-	373,801,000	-	8,352,001
PAYGO	-	44,000,000	-	50,601,000	-	93,000,000	-	42,399,000
Other (Social Security, Retirement, etc.)	-	35,778,903	-	61,427,738	-	71,697,080	-	10,269,342
Retirement Trust Chargeback	-	(1,650,603)	-	(1,771,610)	-	(2,061,479)	-	(289,869)
Total	1,667.1	\$1,319,405,214	1,963.0	\$1,811,070,194	2,040.0	\$1,832,783,011	77.0	\$ 21,712,817

(*) 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
Office of Performance & Accountability	X	X	X	X	X	X
Communications & Community Engagement Office	X	X	X	X	X	X
Office of Supplier Diversity & Inclusion	X	X	X	X	X	X
Procurement Office	X	X	X	X	X	X
Operations						
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	X	X	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 Office	X	X	X	X	X	X
Occupational Health & Safety 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 approved for Fiscal Year (FY) 2026 incorporate the policy and guideline recommendations discussed in Sections 4 and 6.

Salaries & Wages Summary

	FY 2026 Proposed	
	Work Years	Amount
Base Positions Funded Full Year	2,040	\$ 231,044,482
Overtime		8,307,435
Subtotal		239,351,917
Lapse on Base Positions*		(10,281,958)
Subtotal		229,069,959
Salary Enhancements		13,441,806
Salary - 6 Commissioners		78,500
Total	2,040	\$ 242,590,265

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

Employee Benefits

The following employee benefits are funded in WSSC Water’s FY 2026 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 Human Resources Office. Contributions are set each year based on an actuarial valuation of exposures, past and projected claims experience and administrative expenses.

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

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

WORKFORCE AND COMPENSATION (Continued)

Employee Benefits (Continued)

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

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

GOVERNANCE

Governance is comprised of 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 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Commissioners'/Corporate Secretary's Office*	2.0	\$ 562,784	6.0	\$ 659,768	3.0	\$ 747,261	(3.0)	\$ 87,493
Office of the Inspector General*	8.5	1,607,567	10.0	1,745,093	10.0	2,109,295	-	364,202
Ethics Office**	-	-	-	-	3.0	566,040	3.0	566,040
Total	10.5	\$ 2,170,351	16.0	\$ 2,404,861	16.0	\$ 3,422,596	-	\$ 1,017,735

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

**In FY 2025, a separate Ethics Office was created and 3 existing workyears were moved from the Commissioners'/Corporate Secretary's Office to Ethics Office.

COMMISSIONERS'/CORPORATE SECRETARY'S OFFICE

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

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

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

Mission Statement

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

Core Activities

Public Oversight and Corporate Functions – The Commission provides public oversight of WSSC Water, conducts the corporate business of the agency, such as adopting rates and fees, reviewing management reports and approving contracts. The Commissioners sit on various standing committees. The Audit Committee monitors WSSC Water's audit processes, financial reporting processes, system of internal controls, and compliance with laws 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 serves 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 ethics program to an independent Board of Ethics; the duties of the Ethics Officer; conflicts of interest; financial disclosure; lobbying and ethics in public contracting. The Ethics Office, through the Ethics Officer, provides support to the Board of Ethics, and maintains program records.

ETHICS OFFICE (Continued)

Mission Statement

To help WSSC Water maintain an ethical culture at all times and counsel employees in making ethical decisions.

Core Activities

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

The Board of Ethics – The Board of Ethics, 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

The Intergovernmental Relations Office and Human Resources Department report to the General Manager's Office.

Budget Summary

Office of the General Manager	FY 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
General Manager's Office	6.9	\$ 1,880,602	8.0	\$ 2,078,913	4.0	\$ 1,281,023	(4.0)	\$ (797,890)
Intergovernmental Relations Office	2.2	735,717	5.0	1,001,172	4.0	1,141,096	(1.0)	139,924
Human Resources Department	29.6	4,874,076	37.0	6,909,207	37.0	8,356,901	-	1,447,694
Total	38.7	\$ 7,490,395	50.0	\$ 9,989,292	45.0	\$ 10,779,020	(5.0)	\$ 789,728

The Deputy General Managers moved from the General Manager's Office to separate branches.

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.

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

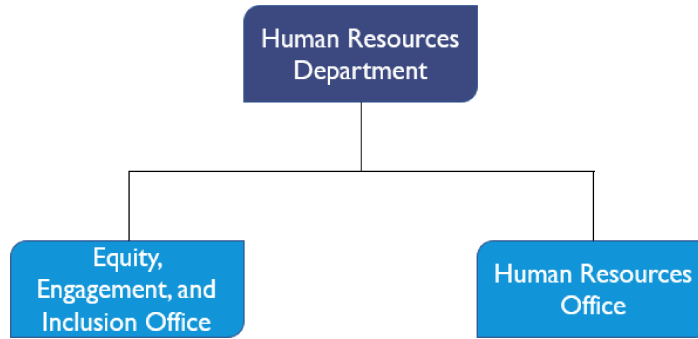
Intergovernmental Relations - This activity focuses on identifying external funding opportunities, the passage of WSSC Water's legislative agenda, increasing communication with state and local governments and increasing the agency's role in federal legislative issues.



HUMAN RESOURCES DEPARTMENT

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

Organizational Structure



Mission Statement

To build a strong resilient team of water workforce professionals.

Budget Summary

Human Resources Department	FY 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Human Resources Office	26.6	\$ 4,294,626	33.0	\$ 6,183,427	31.0	\$ 7,429,364	(2.0)	\$ 1,245,937
Equity, Engagement and Inclusion Division	3.0	579,450	4.0	725,780	6.0	927,537	2.0	201,757
Total	29.6	\$ 4,874,076	37.0	\$ 6,909,207	37.0	\$ 8,356,901	-	\$ 1,447,694

Explanation of Major Variances

The FY 2026 Proposed Budget for the HR Department reflects an increase of 21.0% above the FY 2025 Approved Budget. The increase is due to the impact of salary enhancement efforts implemented across the agency to ensure fair and competitive salary structure as well as to ensure workforce sustainability and operations continuity. Additionally, change in the budget vacancy rate (lapse) was lowered from 10% in FY 2025 to 4% in FY 2026 based on the current hiring trends.

Budget Highlights

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

Accomplishments

- Sponsored and attended career and job fairs to attract employees
- Enhanced leave programs and other work-life policies
- Completed a market study for over 300 job titles. The revised salary structure puts WSSC Water in a better competitive position to attract and retain employees

HUMAN RESOURCES DEPARTMENT (Continued)

Justice, Equity, Diversity and Inclusion

- The HR Office 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.

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 Environmental Justice, Equity, Diversity, and Inclusion (JEDI) strategies and actions, consistent with the agency's strategic plan. 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 JEDI.

Core Activities

Equal Employment Opportunities – A primary activity is to ensure that JEDI 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 - our office also 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 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
General Counsel's Office	24.1	\$ 10,537,880	31.0	\$ 10,937,118	31.0	\$ 12,397,427	-	\$ 1,460,309
Total	24.1	\$ 10,537,880	31.0	\$ 10,937,118	31.0	\$ 12,397,427	-	\$ 1,460,309

Explanation of Major Variances

The FY 2026 Proposed Budget for General Counsel's Office reflects an increase of 13.4% above the FY 2025 Approved Budget. This is primarily due to the increase in the claims and damages budget. Additionally, the impact of salary enhancement efforts implemented across the agency to ensure fair and competitive salary structure as well as to ensure workforce sustainability and operations continuity added to the increase. Moreover, change in the budget vacancy rate (lapse) was lowered from 10% in FY 2025 to 4% in FY 2026 based on the current hiring trends

Mission Statement

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

Core Activities

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

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

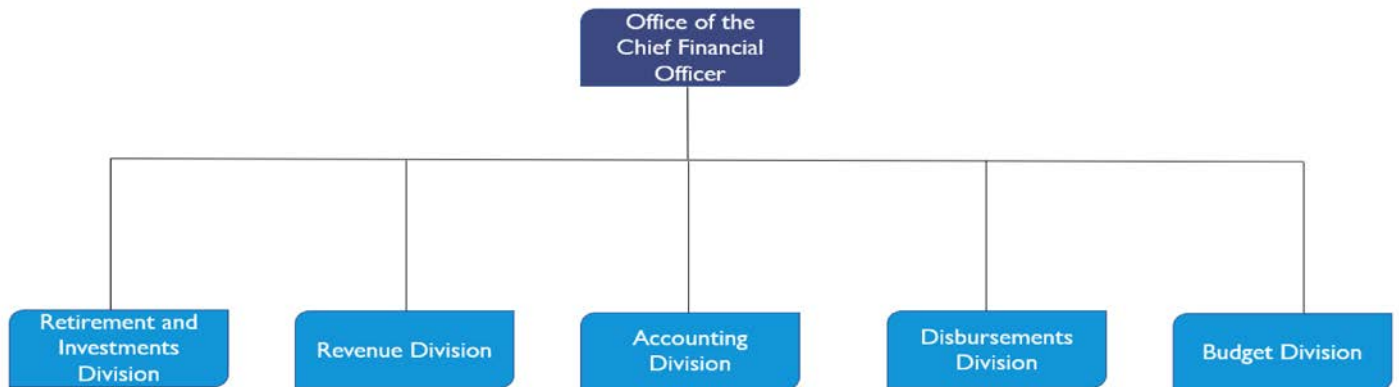
Billed Work – This activity involves investigation of damage to WSSC Water's property caused by others, or damage WSSC Water causes to others.

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 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Chief Financial Officer	2.3	\$ 1,033,634	5.0	\$ 1,460,226	6.0	\$ 1,534,198	1.0	\$ 73,972
Retirement & Investments Division	5.9	1,041,780	6.0	1,071,853	6.0	1,225,454	-	153,601
Revenue Division	13.0	1,505,042	13.0	1,554,463	13.0	1,802,295	-	247,832
Accounting Division	16.6	2,058,968	17.0	2,198,870	17.0	2,628,252	-	429,382
Disbursements Division	12.1	1,592,912	14.0	1,523,475	14.0	1,764,573	-	241,098
Budget Division	8.8	1,656,793	10.0	1,658,166	11.0	2,175,370	1.0	517,204
Total	58.7	\$ 8,889,129	65.0	\$ 9,467,053	67.0	\$ 11,130,142	2.0	\$ 1,663,089

Explanation of Major Variances

The FY 2026 Budget for the Finance Department reflects an overall increase of 17.6% from the FY 2025 Approved Budget. The increase is primarily due to the addition of 2 positions, one of which is a transfer from Intergovernmental Relations and one of which is budget neutral due to the elimination of contract expenses. The FY 2026 budget increase is also due to the impact of salary enhancement efforts implemented across the agency to ensure fair and competitive salary structures as well as to ensure workforce sustainability and operations continuity. Additionally, change in the budget vacancy rate (lapse) was lowered from 10% in FY 2025 to 4% in FY 2026 based on the current hiring trends.

Budget Highlights

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

Accomplishments

- Prepared and delivered Bond Rating Agency presentations and maintained a AAA Bond Rating from all three rating agencies
- Successfully completed a General Obligation Bond sale of \$330 million, including \$30 million in Green Bonds for 30-year terms with a true interest cost of 3.96%
- Increased budget outreach to both internal and external stakeholders to increase awareness and understanding of the budget process, planning and execution
- Prepared and delivered numerous presentations on CIP and operating budgets to elected officials and county staffs resulting in a 9.8% revenue enhancement for FY 2026
- Successfully implemented the invoice automation system
- Developed and implemented an official Accounts Payable Regulation
- Received Government Finance Officers Association Distinguished Budget Award for 30th consecutive year
- Obtained an unqualified opinion (clean opinion) from annual financial statements audits
- Kept management informed with timely issue of monthly internal financial statements and additional financial analyses and information
- Successfully completed first year succession planning training to ensure smooth transition in Accounting in the future

Justice, Equity, Diversity and Inclusion

- 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 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 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.

BUDGET DIVISION (Continued)

Core Activities (Continued)

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 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 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	36.5% / 37.5%	37.5% / 35.5%	35.7%	33.0%

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

Milestones	Measures	FY 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 Target
Maintain a debt service coverage ratio (DSCR) greater than 1.5	Ratio of debt service coverage	1.8 / 1.3	1.5 / 1.3	1.3	1.4

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

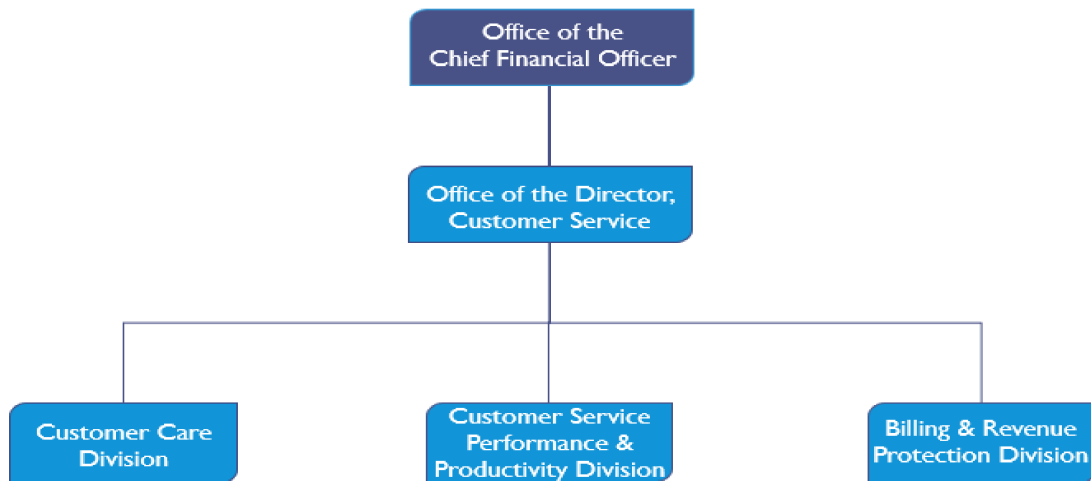
Milestones	Measures	FY 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 Target
Maintain Fitch Ratings, Moody's Investor Service, and/or S&P Global Ratings bond ratings of AAA/Aaa/AAA	Bond ratings: (Fitch Ratings / Moody's Investor Service / S&P Global Ratings)	AAA/Aaa/AAA AAA/Aaa/AAA	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 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, Customer Service Department	3.5	\$ 2,909,338	4.0	\$ 595,953	4.0	\$ 769,670	-	\$ 173,717
Customer Care Division	66.2	5,731,380	75.0	7,482,861	83.0	7,561,713	8.0	78,852
Customer Service Performance & Productivity Division	11.1	1,111,835	15.0	1,636,293	24.0	2,466,863	9.0	830,570
Customer Engagement & Advocacy Division *	7.6	1,190,950	-	-	-	-	-	-
Billing & Revenue Protection Division	55.5	6,687,799	46.0	9,930,277	46.0	10,360,807	-	430,530
Total	143.9	\$ 17,631,302	140.0	\$ 19,645,384	157.0	\$ 21,159,053	17.0	\$ 1,513,669

* In FY 2025, Customer Engagement & Advocacy Division is transferred to Communications & Community Engagement Office

Explanation of Major Variances

The FY 2026 Proposed budget reflects an increase of \$1.5 million or 7.7% over the FY 2025 Approved Budget. The increase is due mainly to the impact of salary enhancement efforts implemented across the agency to ensure fair and competitive salary structure as well as to ensure workforce sustainability and operations continuity. Additionally, change in the budget vacancy rate (lapse) was lowered from 10% in FY 2025 to 4% in FY 2026 based on the current hiring trends. This is coupled with an increase in the Promise Pay contract (flexible payment options). This is offset by a reduction in temporary services.

Overall, 6 workyears were added to the Customer Care Division and 2 to the Customer Service Performance & Productivity Division. These were contractual workyears converted to full-time position and are budget neutral. 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
- Invest in a training specialist to drive Customer Service workforce development, improving performance and enhancing the overall customer experience
- Fund a product manager to collaborate with technology teams, optimizing operations and enhancing digital transformation to benefit customer experience
- Allocate \$750,000 for the Water Fund to help customers in financial need pay their water and sewer bills, providing crucial support during difficult times. Additionally, \$529,000 was allocated for the establishment of a new customer assistance program.
- Enhance customer service by in-sourcing six Customer Service Advisor positions, improving answer rates and speed of response, ensuring customers receive timely and efficient assistance

Accomplishments

- Successfully billed 99.99% of customer accounts in a timely manner
- Answered 90.40% of calls in first half of FY 2025, ensuring prompt customer assistance
- Enhanced Interactive Voice Response System to provide caller identification and predictive intent, improving customer self-service experience
- Helped customers manage delinquencies, with over 25,000 active payment plans in place by December 2024
- Amended regulations to limit turnoffs during extreme temperatures, protecting customers in vulnerable situations
- Developed the CAP Leak Repair Program, providing up to \$9,000 in plumbing repairs for eligible customers to help manage high water bills

CUSTOMER SERVICE DEPARTMENT (Continued)

Accomplishments (Continued)

- Developed Get Current 2.0, a temporary amnesty program to assist customers with up to 50% bill credits for payment of delinquent balances helping customers achieve financial stability

Justice, Equity, Diversity and Inclusion

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

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 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 inspections, field investigations and restoration of service; and educating customers on such topics as sources of water loss, water conservation and customer assistance programs.

Objectives, Milestones and Measures

Objective: Provide a quick response to customers' problems or system emergencies or Strategic Priority: Optimizing Operations

Milestones	Measures	FY 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 Target
Provide timely response to customer queries	Percentage of calls answered (non-emergency calls)	80.5% / 90.0%	90.7% / 90.0%	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. This division is also responsible for innovative business process and customer service technology strategies for the enterprise.

Core Activities

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

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

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

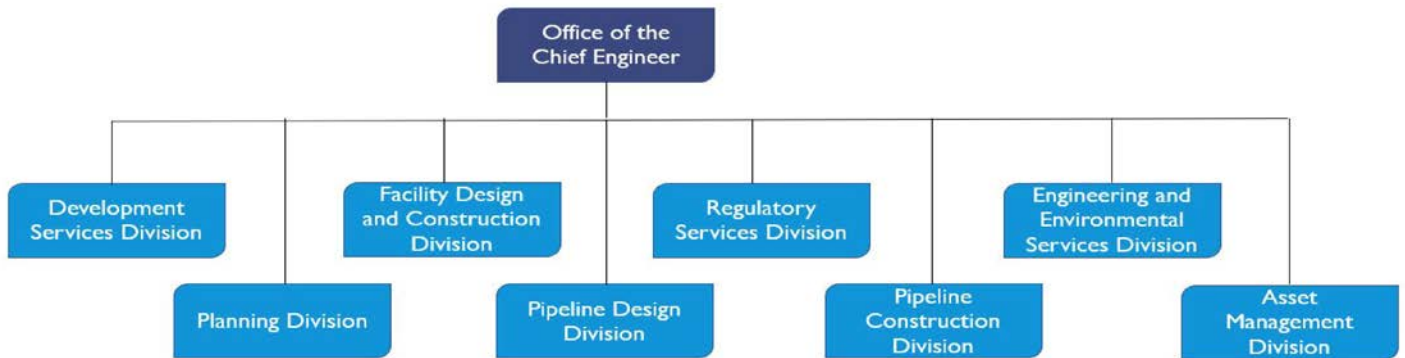
Monthly Bill Customer Account Inquiry – This activity determines appropriate actions to ensure that customers are billed accurately, particularly large usage customers. The activity also ensures that malfunctioning meters which inaccurately measure consumption are properly identified, investigated and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

ENGINEERING & CONSTRUCTION DEPARTMENT

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



Organizational Structure



Mission Statement

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

ENGINEERING & CONSTRUCTION DEPARTMENT (Continued)

Budget Summary

Engineering & Construction Department	FY 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Chief Engineer	0.4	\$ 139,622	4.0	\$ 9,727,852	5.0	\$ 858,012	1.0	\$ (8,869,840)
Development Services Division	49.9	5,966,043	49.0	6,044,594	48.0	7,117,388	(1.0)	1,072,794
Planning Division	8.4	46,247,035	11.0	80,028,914	12.0	143,424,406	1.0	63,395,492
Facility Design & Construction Division	29.0	142,254,395	32.0	218,940,296	32.0	176,069,131	-	(42,871,165)
Pipeline Design Division	41.7	14,132,622	51.0	39,925,010	51.0	52,297,016	-	12,372,006
Regulatory Services Division	74.0	8,060,507	81.0	8,345,379	82.0	10,331,679	1.0	1,986,300
Pipeline Construction Division	73.9	183,090,985	86.0	345,324,532	86.0	236,621,921	-	(108,702,611)
Engineering & Environmental Services Division	48.9	8,656,292	59.0	12,757,753	58.0	13,404,436	(1.0)	646,683
Asset Management Division	5.4	2,256,612	8.0	3,237,658	8.0	4,495,847	-	1,258,189
Total	331.6	\$ 410,804,113	381.0	\$ 724,331,988	382.0	\$ 644,619,836	1.0	\$ (79,712,152)

Explanation of Major Variances

The FY 2026 Proposed Budget for the E&C Department reflects an overall decrease of 11.0% from the FY 2025 Approved Budget. The operating budget for the department increased by \$2.8 million, an increase of 4.9%. The increase is associated with the addition of 17 new positions in FY 2025 budgeted for 6 months versus full year in FY 2026 coupled with salary enhancements. This is offset by the increased capitalization of manholes and the capitalization of work related facility plans. The department's capital budget decreased by \$82.5 million or 12.4%. This is primarily due to the re-baselining of the Capital Improvements Program (CIP) projects and the removal of a completion factor utilized in prior years in the annual update to the CIP as discussed in Section 8.

Overall, 1 new workyear was added to the E&C Department. The new position is in the Regulatory Services Division. Additionally, interdivisional workyear transfers were made to address operational needs.

Budget Highlights

- E&C in cooperation with Production, has moved the Piscataway Bioenergy Project into the commissioning phase and upon completion, will be turned over to Production for operation. This \$271 million project turns biosolids into green energy, will provide WSSC Water with valuable energy credits, and will save additional operating dollars by reducing solids disposal costs

Accomplishments

- The Piscataway WRRF filter building upgrades have been completed with the rehabilitation of the effluent filters and the addition of new blowers. This adds tremendously to the efficiency of the filter system and will save operating costs
- The Planning Division is now fully staffed with some recent top-notch team members joining Team H2O and advancing the Lead Service Line Replacement Program
- As of April 30, 2024, the Pipeline Construction Division replaced 6.21 miles of water transmission main which exceeded their goal of 6 miles
- The Pipeline Design Division achieved the FY 2024 water and sewer design rehab mileage goals in advance of the end of the fiscal year by completing 26 miles for sewer roads design projects, 9 miles for Environmental Sensitive Area projects (about 60% of these projects are in the Environmental Justice Areas), 23 miles of water distribution, 5 miles of water transmission, and 25 large service meter vaults
- At Western Branch WRRF, the Splitter Box Replacement Project was completed in April. This project will enable the plant to better manage the high flow events that sometimes occur, in addition to increasing their capability for maintenance and repairs to the treatment basins
- The launch of the Pipeline Design Division's (PDD) dashboard has been very helpful in tracking progress on project delivery, including identifying and addressing bottlenecks. This tool has become a model for other departments and division's dashboards

ENGINEERING & CONSTRUCTION DEPARTMENT (Continued)

Justice, Equity, Diversity and Inclusion

- The E&C Department implements projects and strives to minimize contract spending disparities in support of the Office of Supplier Diversity and Inclusion (OSDI). 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.

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 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.

PLANNING DIVISION (Continued)

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.

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

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

FACILITY DESIGN & CONSTRUCTION DIVISION

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

Core Activities

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

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

PIPELINE DESIGN DIVISION

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

Core Activities

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

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

PIPELINE DESIGN DIVISION (Continued)

Objectives, Milestones and Measures

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

Milestones	Measures	FY 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 Target
Design the number of miles for the Water Reconstruction Program as planned**	Miles of water mains designed	11.0 / 10.0*	28.8 / 27.0	22.0	24.0
Design the number of miles for the Sewer Reconstruction Program as planned**	Miles of sewer mains designed	33.0 / 33.0	41.3 / 35.0	35.0	35.0

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

**Beginning FY 2024, includes Water and Sewer Reconstruction Programs, Large Diameter Pipe & Large Valve Rehabilitation Program, and Trunk Sewer Reconstruction Program

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.



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 2023 Actual / Target*	FY 2024 Actual / Target	FY 2025 Target	FY 2026 Target
Replace the number of miles for the Water Reconstruction Program as planned**	Miles of water mains replaced	16.8 / 23.0*	27.8 / 33.0	28.0	33.0
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	33.7 / 42.0	37.8 / 35.0	28.0	35.0

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

**Beginning FY 2024, includes Water and Sewer Reconstruction Programs, Large Diameter Pipe & Large Valve Rehabilitation Program, and Trunk Sewer Reconstruction Program ,

ENGINEERING & ENVIRONMENTAL SERVICES DIVISION

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

Core Activities

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

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

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

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

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

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

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

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

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

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



ASSET MANAGEMENT DIVISION

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

Core Activities

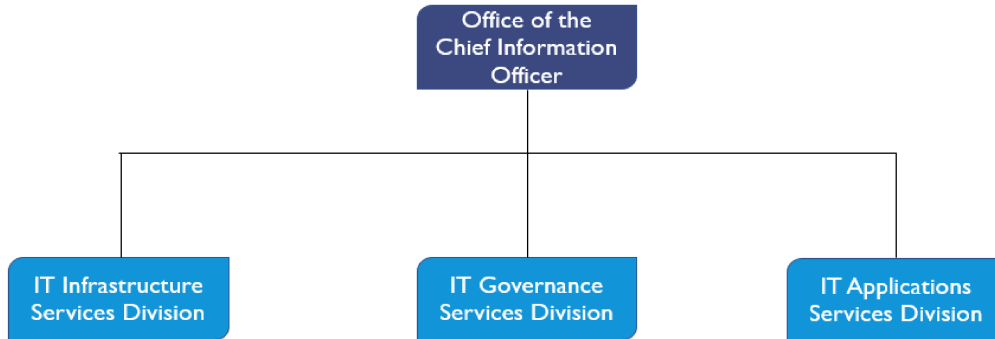
Asset Management Program – This activity involves the development and implementation of the WSSC Water Asset Management Program. The program includes the development of asset management plans, processes and procedures for all WSSC Water facility assets, water transmission and distribution assets, wastewater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

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

INFORMATION TECHNOLOGY DEPARTMENT

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

Organizational Structure



Mission Statement

To lead technology efforts 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 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Chief Information Officer	8.9	\$ 4,960,456	12.0	\$ 5,565,241	13.0	\$ 6,577,032	1.0	\$ 1,011,791
IT Infrastructure Services Division	31.2	22,541,561	36.0	29,198,483	38.0	27,726,598	2.0	(1,471,885)
IT Governance Services Division	15.0	5,687,206	21.0	6,242,331	23.0	6,811,254	2.0	568,923
IT Applications Services Division	32.7	24,642,086	44.0	28,828,473	45.0	31,963,446	1.0	3,134,973
Total	87.8	\$ 57,831,309	113.0	\$ 69,834,528	119.0	\$ 73,078,330	6.0	\$ 3,243,802

Explanation of Major Variances

The FY 2026 Proposed budget reflects an increase of \$3.2 million or 4.6% over the FY 2025 Approved Budget. The increase is due mainly to the impact of salary enhancement efforts implemented across the agency to ensure fair and competitive salary structure as well as to ensure workforce sustainability and operations continuity. Additionally, change in the budget vacancy rate (lapse) was lowered from 10% in FY 2025 to 4% in FY 2026 based on the current hiring trends. Overall, 6 workyears were added to the IT Department. 1 to the Office of the Chief Information Officer, 2 to IT Infrastructure Service Division, 2 to IT Governance Services Division and 1 to IT Applications Services Division. These were contractual workyears converted to full-time position and are budget neutral.

Budget Highlights

- Anacostia Digital Twin Warehouse – This innovative tool provides near real-time visibility into warehouse activities, enabling enhanced operational efficiency, optimized resource allocation, and data-driven decision-making

INFORMATION TECHNOLOGY DEPARTMENT (Continued)

Highlights (Continued)

- Launched Water Data Hub – Provides a centralized platform for aggregating, storing, and managing data from diverse sources, making accessing, analyzing, and sharing information across the organization easier: provides the foundation for performing advanced analytics, including descriptive, diagnostic, predictive, and prescriptive analytics
- Implementation of Shutdown Simulation Tool – Streamlines water utility maintenance operations and minimize service disruptions: Intelligently identifies the optimal valves to close, effectively isolating the damaged section while minimizing the impact on surrounding customers

Accomplishments

- Hosting of GIS applications to a cloud service
- New laptops distributed to staff to replace aging hardware and ensure they have up-to-date equipment to perform their roles effectively
- Implementation of Microsoft Teams Rooms throughout Commission for seamless collaboration
- Implementation of Push-to-Talk Cellular Radios by Motorola: Wave PTX for the safety of meter readers and field operations staff. Provides an emergency button that allows for immediate notification of a staff member in distress, along with GPS location notification
- vGIS augmented reality pilot program to visualize the location of buried assets
- Upgrade to Oracle Cloud Infrastructure, including enhanced backup and recovery capabilities
- Enhanced cyber resiliency capabilities, by the implementation of new complex password and multi-factor authentication, immutable Cloud backup capabilities and USB controls and geo-location filtering capabilities
- Supporting the Lead and Copper Rule Program implementation by hosting the application in our Environmental Systems Research Institute online environment
- Launched new intranet that helps to enhance employee engagement
- Developed the CIP Dashboard, a visualization tool designed to monitor and manage CIP projects and provide stakeholders with near real-time insights into project status, financial metrics, timelines, and key performance indicators

Justice, Equity, Diversity and Inclusion

- 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.

OFFICE OF THE CHIEF INFORMATION OFFICER (Continued)

Core Activities (Continued)

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.

Objectives, Milestones and Measures

Objective: Manage the IT budget in the most cost-effective and fiduciary manner

Strategic Priority: Digital Transformation

Milestones	Measures	FY 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 Target
IT Invoices approved within IT to support net 30 payments	Percentage of IT invoices approved within 15 calendar days	95.0% / 97.0%	93.0% / 98.0%	95.0%	95.0%
Cyber Security Governance Risk and Compliance; using CIS 8.0 Controls	Ensure that the 18 security controls are implemented and reach close to 95 % compliance as applicable	86.0% / 95.0%	86.7% / 95.0%	95.0%	95.0%

IT INFRASTRUCTURE SERVICES DIVISION

The IT Infrastructure Services Division is responsible for the day-to-day leadership and direction of all operational work efforts. This includes data center and cloud-hosted operations; internet connectivity, voice, data, and video networks; two-way radio communications, Point-to-Point microwave communications, SCADA network; cellular tower leasing and maintenance, operating system hardware and software; computer infrastructure; and customer service and help desk operations. In addition, this division is responsible for planning, managing and operating complex IT systems to ensure system function, availability and performance.

Core Activities

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

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

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 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 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.

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.

IT APPLICATIONS SERVICES DIVISION (Continued)

Core Activities (Continued)

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 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 Target
Ensure the availability of applications to support the agency	Percentage of time that the critical systems are available	99.9% / 97.0%	99.9% / 97.0%	99.0%	99.0%
Ensure the availability of database to support the agency	Percentage of time that the databases are available	99.9% / 97.0%	99.9% / 97.0%	99.0%	99.0%

EXTERNAL AFFAIRS

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

Budget Summary

External Affairs	FY 2024 Actual		FY 2025 Approved		FY 2026 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	\$ 445,458
Office of Performance & Accountability	4.8	1,138,352	9.0	1,558,416	9.0	1,831,998	-	273,582
Communications & Community Engagement Office	12.4	1,963,238	22.0	4,462,771	22.0	5,912,021	-	1,449,250
Office of Supplier Diversity & Inclusion	9.4	1,218,200	10.0	1,362,484	10.0	1,577,462	-	214,978
Procurement Office	26.5	3,330,313	37.0	4,087,865	37.0	5,265,656	-	1,177,791
Total	53.1	\$ 7,650,103	78.0	\$ 11,471,536	80.0	\$ 15,032,595	2.0	\$ 3,561,059

Overall, the External Affairs Branch increased by 31.0% from the FY 2025 Approved Budget. This is due to transfer of the External Affairs Deputy General Manager from the General Manager's Office to the newly created External Affairs Branch Office; increase in the Customer Assistance Program funding in Communications & Community Engagement Office; addition of the Rising Tide Program in Procurement, a new program to improve vendor capabilities of doing business with WSSC Water, coupled with increase in salaries and wages.

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 and Community Engagement, Performance and Accountability, 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.

OFFICE OF PERFORMANCE & ACCOUNTABILITY

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

Mission Statement

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

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.

COMMUNICATIONS & COMMUNITY ENGAGEMENT OFFICE

The Communications & Community Engagement Office is responsible for the timely, accurate release of agency's information and customer outreach through advocacy and customer engagement.

Mission Statement

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

Core Activities

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

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

COMMUNICATIONS & COMMUNITY ENGAGEMENT OFFICE (Continued)

Core Activities (Continued)

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

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



OFFICE OF SUPPLIER DIVERSITY & INCLUSION

The Office of Supplier Diversity & Inclusion (OSDI) assists with the development of WSSC Water’s Minority Business Enterprise (MBE) and Small, Local Business Enterprise (SLBE) policies. The office seeks products and services from diverse and small businesses to ensure that the agency has a vendor base that is reflective of the community it serves.

Mission Statement

To create an inclusive purchasing environment while building sustainable relationships, expanding opportunities, and cultivating growth of small, local and minority business enterprises which adds value to WSSC Water and community we serve.

Core Activities

Small, Local and Minority Business Enterprise – This activity plans, manages, coordinates and monitors WSSC Water’s MBE and SLBE programs, in accordance with state law.

PROCUREMENT OFFICE

The Procurement Office, led by the Chief Procurement Officer, is responsible for acquiring all necessary commodities, supplies, and services, including professional services, necessary to support WSSC Water’s operations and functions and to oversee the bid and award process for all construction contracts.

Mission Statement

Our mission is 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.



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 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Operations Branch Office	-	\$ -	-	\$ -	1.0	\$ 335,587	1.0	\$ 335,587
Production Department	300.9	172,133,276	345.0	191,863,057	351.0	205,506,259	6.0	13,643,202
Utility Services Department	454.1	94,652,055	538.0	139,309,977	564.0	128,797,971	26.0	(10,512,006)
Department of Operational Reliability & Resilience	4.1	1,218,589	10.0	1,953,665	17.0	5,947,595	7.0	3,993,930
Total	759.1	\$ 268,003,920	893.0	\$ 333,126,699	933.0	\$ 340,587,412	40.0	\$ 7,460,713

Overall, the Operations Branch increased by 2.2% from the FY 2025 Approved Budget. The increase includes: the transfer of the Operations Deputy General Manager from the General Manager’s Office to the newly created Operations Branch Office; addition of 7 new workyears to the Department of Operational Reliability & Resilience; an increase in Production and Utility Services budgets, details of which can be found in the departments’ section; and the impact of salary enhancement efforts implemented to ensure fair and competitive salaries.

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.

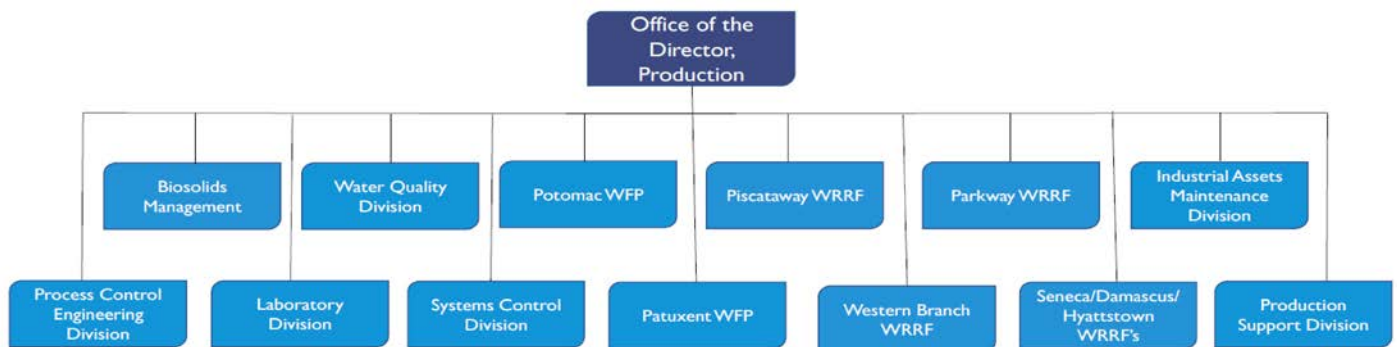
Commitment to Operational Optimization – This activity utilizes advanced technologies and strategies to improve long-term service reliability and efficiency.

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.

PRODUCTION DEPARTMENT (Continued)

Budget Summary

Production Department	FY 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, Production	5.2	\$ 786,557	5.0	\$ 722,849	5.0	\$ 1,089,086	-	\$ 366,237
Biosolids Management Division	18.3	12,192,051	23.0	18,560,466	26.0	24,106,928	3.0	5,546,462
Laboratory Division	28.7	5,043,223	37.0	6,494,847	37.0	8,410,179	-	1,915,332
Water Quality Division	10.7	1,978,244	16.0	8,603,072	18.0	3,147,223	2.0	(5,455,849)
Systems Control Division	30.0	6,354,405	32.0	8,689,657	32.0	9,634,220	-	944,563
Potomac Division	33.4	16,250,763	35.0	14,745,985	36.0	15,553,666	1.0	807,681
Patuxent Division	23.8	5,540,376	25.0	7,544,432	25.0	7,252,897	-	(291,535)
Piscataway Division	22.6	7,144,454	23.0	7,389,536	23.0	7,628,985	-	239,449
Western Branch Division	25.7	8,389,175	29.0	8,957,497	29.0	9,159,079	-	201,582
Parkway Division	17.1	3,589,486	23.0	3,586,875	22.0	4,112,404	(1.0)	525,529
Seneca/Damascus/Hyattstown Division	31.5	7,133,315	34.0	6,391,688	33.0	6,843,674	(1.0)	451,986
Industrial Assets Maintenance Division	29.8	10,053,182	37.0	11,453,321	37.0	11,496,775	-	43,454
Production Support Division	12.5	84,921,187	11.0	85,657,853	12.0	92,933,839	1.0	7,275,986
Process Control Engineering Division	11.6	2,756,858	15.0	3,064,979	16.0	4,137,304	1.0	1,072,325
Total	300.9	\$ 172,133,276	345.0	\$ 191,863,057	351.0	\$ 205,506,259	6.0	\$ 13,643,202

Explanation of Major Variances

The FY 2026 Proposed Budget reflects an increase of approximately 7.1% over the FY 2025 Approved Budget. The primary drivers are increased DC Water Blue Plains operation and maintenance costs, biosolids hauling costs in the Biosolids Management Division, chemical costs, miscellaneous maintenance/repair services costs and materials costs.

Overall, the Production Department increased by 6 workyears. This comprised of 2 new workyears added to the Water Quality Division, 1 to Potomac Division, 1 budget neutral workyear to Production Support Division, and 1 budget neutral workyear to Process Control Engineering Division. Additionally, interdivisional workyear transfers were made to address operational needs.

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

PRODUCTION DEPARTMENT (Continued)

Accomplishments

- 107 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

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.

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.

LABORATORY DIVISION (Continued)



WATER QUALITY DIVISION

This division establishes a unified, central structure in which all water quality issues are managed, so the agency's water quality goals are met consistently and reliably. This division is responsible for management and coordination of drinking water regulatory compliance activities, implementation and operation of water quality surveillance and response programs, response to stakeholder and customer inquiries on water quality and proactive planning on water quality.

Core Activities

Water Quality Program – The program's core functions include compliance with drinking water regulations, drinking water contamination monitoring and response, as well as customer and stakeholder support on water quality issues. Specifically, the division performs planning, management and operation of all Safe Drinking Water Act compliance activities including monitoring and reporting, identification and resolution of current and upcoming water quality problems, implementation of surveillance and response programs to better detect contamination events and communicating with customers and stakeholders to address their water quality concerns.

SYSTEMS CONTROL DIVISION

This division is responsible for the operation and maintenance of the water distribution system's pumping stations, water storage tanks, throttling valves, specialty valves, electrically operated valves and associated instrumentation. The division operates and maintains SCADA systems through the Control Center, monitoring remote water and wastewater facilities to ensure reliable service and minimizing environmental damage. The ultimate goal of the division is to provide reliable and safe water throughout the distribution system. The division also operates and maintains three dams and the raw water reservoirs impounded behind them. Operations on the Patuxent River dams to include notifications with emergency management personnel during flooding events.

Core Activities

Operations – This activity involves the operation and maintenance of the water distribution system's pumping stations, water storage tank throttling valves, specialty valves, electrically operated valves, associated instrumentation and three dams and their impounded raw water.

SYSTEMS CONTROL DIVISION (Continued)

Core Activities (Continued)

Maintenance – This activity maintains and operates the agency's Patuxent reservoirs to protect water quality. This activity also performs maintenance required by the dam regulatory offices and the maintenance of the watershed recreational areas. In addition, this activity provides support to the Communications & Community 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 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Average daily filtered water to the distribution system (MGD)	157.7	160.8	162.0	162.0

POTOMAC AND PATUXENT WFPs (Continued)



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 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Piscataway WRRF	22.0	22.9	27.4	27.4
Western Branch WRRF	21.6	23.1	24.8	24.1
Parkway WRRF	6.1	6.5	6.8	6.6
Seneca/Damascus/Hyattstown WRRFs	15.6	16.0	18.2	17.5

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 and procedures for the Production Department.

Core Activities

Production Support – This activity includes facility support through CMMS administration, asset management and project management. It also includes management of the shared operation and maintenance costs for utilities in other jurisdictions, and shared costs to support coordination of regional water supply issues and water system emergencies.

PROCESS CONTROL DIVISION

The Process Control Engineering Division designs, procures, configures and installs process control systems for new and existing facilities; improves automation for existing facilities; and maintains and repairs automation and 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.

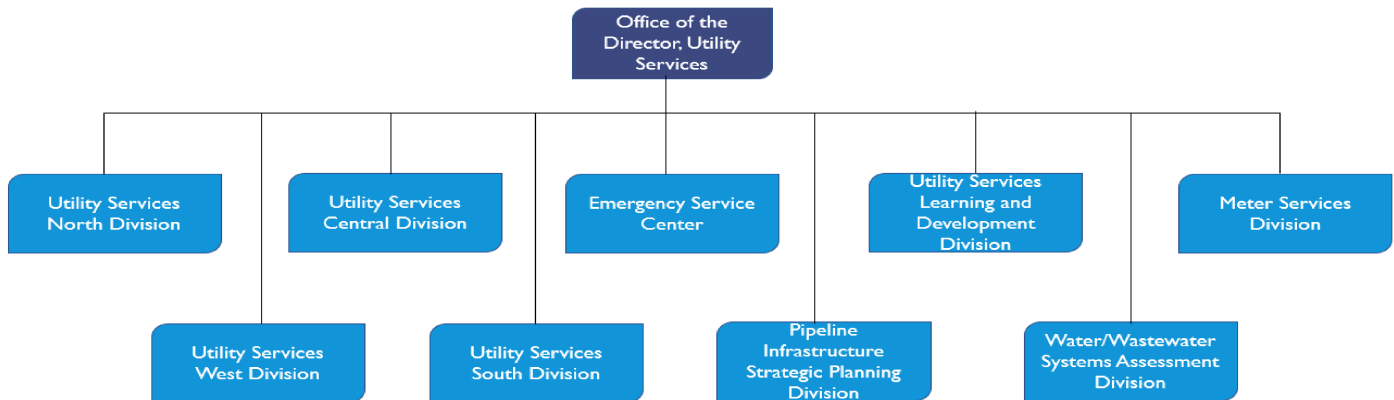
New Facility Support – This activity participates in design reviews to integrate, install and program new process control equipment for newly constructed facilities, including managing contractual agreements with vendors.

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 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, Utility Services	10.2	\$ 7,147,341	11.0	\$ 26,084,684	11.0	\$ 15,018,588	-	\$ (11,066,096)
Utility Services North Division	55.0	7,918,515	58.0	9,172,798	63.0	9,782,640	5.0	609,842
Utility Services West Division	53.4	7,594,084	60.0	9,095,931	62.0	9,055,800	2.0	(40,131)
Utility Services Central Division	56.9	8,486,147	60.0	9,160,144	63.0	9,612,396	3.0	452,252
Utility Services South Division	51.5	8,347,460	61.0	9,140,441	65.0	9,620,295	4.0	479,854
Emergency Service Center	21.5	1,817,227	24.0	1,798,530	24.0	2,057,425	-	258,895
Pipeline Infrastructure Strategic Planning Division	24.6	8,409,755	40.0	13,163,823	34.0	13,600,052	(6.0)	436,229
Utility Services Learning & Development Division	6.3	895,935	13.0	1,424,223	13.0	1,857,611	-	433,388
Water/Wastewater Systems Assessment Division	69.9	31,827,500	87.0	37,512,170	91.0	38,460,566	4.0	948,396
Meter Services Division	104.8	12,208,091	124.0	22,757,233	138.0	19,732,598	14.0	(3,024,635)
Total	454.1	\$ 94,652,055	538.0	\$ 139,309,977	564.0	\$ 128,797,971	26.0	\$ (10,512,006)

Explanation of Major Variances

The FY 2026 Proposed Budget for the Utility Services Department reflects an overall decrease of 7.5% from the FY 2025 Approved Budget. The decrease is primarily in capital funding due to the elimination of the completion factor when estimating capital project costs. The reductions were partially offset by increases in salaries and wages due to the full year impact of the 24 permanent workyears partially budgeted in FY 2025 plus an additional 26 workyears in FY 2026 to support operations.

The 26 new positions are spread across 6 divisions: 5 for Utility Services North Division, 2 for Utility Services West Division, 3 for Utility Services Central Division, 4 for Utility Services South Division, 4 for Water/Wastewater Systems Assessment Division, and 14 for the Meter Services Division, partially offset by the reduction of 6 workyears in Pipeline Infrastructure Strategic Planning. Due to the offsetting reduction in contract costs, 12 of the workyears are budget neutral. The additional positions increase efficiency and support for responses to emergencies, data analysis, training, scheduling and planning for both Counties.

Budget Highlights

- Provide contractors support to fix water main breaks and leaks during the winter
- Provide contractors support to reduce Sanitary Sewer Overflows (SSOs) and basement backups
- Coordinate with locators to locate, mark and/or clear Miss Utility tickets for emergency work
- Allocate additional resources for the protection of the teams and fleet, specifically in the areas of illumination and visibility
- Curriculum Review Panels provide strategic reviews of the curriculum of all our classes and programs to ensure they are up-to-date, robust, and that they meet the needs of today's technician and operator
- Reorganize the structure of the Learning and Development Division to promote trainers with field-knowledge and a support staff to help fill in the adult learning theory gap which will allow staff to be masters of their crafts while promoting teamwork
- Offer additional internal training with emphasis on hands-on training opportunities to Utility Services and Production personnel

Accomplishments

- Addition of attenuator safety trucks to each depot to reduce the damage to employees, structures, vehicles, and motorists resulting from a motor vehicle collision

UTILITY SERVICES DEPARTMENT (Continued)

Accomplishments (Continued)

- Safety and Environmental Compliance: maintained zero safety violations and environmental citations; implemented proactive environmental protection measures; and reduced water and sewer asset damages/claims due to accurately locating and marking of underground facilities
- Infrastructure Management and Maintenance: performed water main replacement at the Mall of Prince Georges to meet fire protection requirements; executed sewer segment replacements and bursting operations; performed manhole elevation adjustments and asset armoring and updated the Enterprise Geographic Information System (EGIS); and supported comprehensive asset management initiatives
- Customer Service and Support: addressed and promptly resolved fire flow issues; collaborated with other departments on lead and copper remediation with homeowners, and provided cross-departmental support of the program; collaborated and supported the Potomac Water Filtration Plant intake cleaning; and delivered responsive customer service across all operations
- Developed drone program with capabilities to perform inspections in large diameter mains, and flyovers of active construction, facility inspections
- Building backup reduction of 15% was achieved versus prior fiscal year
- 24% Sanitary Sewer Overflow (SSO) reduction achieved from previous fiscal year
- Acquisition of Attenuator Trucks was prioritized for traffic control and one has been acquired for each of the four depots
- Launched the NO-DES water main flushing program in spring of FY 2024 which continued into the fall of FY 2025 before shutdown for the winter months; program targets areas with discolored water and low chlorine, and due to the looping ability from fire hydrant to fire hydrant that the NO-DES truck provides, little water was discharged into the environment
- Assisted and supported with the installation of pipeline infrastructure (Pipeline Construction Division) for newly installed water main projects and contributed to the PCCP program's inspection and rehabilitation efforts by providing crew support

Justice, Equity, Diversity and Inclusion

- The Utility Services Department integrates Justice, Equity, Diversity and Inclusion criteria into the Asset Management Program for evaluation of the water/wastewater improvement projects. In addition, the use of NO-DES trucks for flushing WSSC Water's distribution system eliminates discharge of water in to the environment. Attenuator trucks have been 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.



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

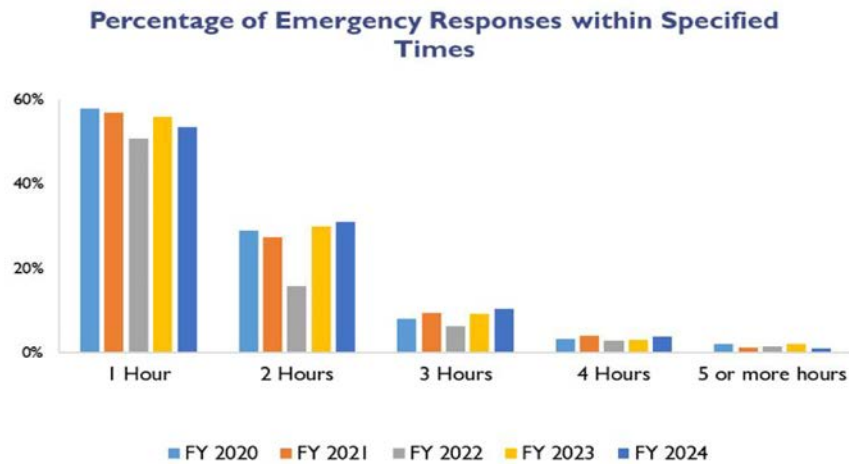
Objective: Accurately account for water produced in the **Strategic Priority:** Asset Management & Infrastructure Reliability distribution system

Milestones	Measures	FY 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 Target
Reduce service interruptions due to water main breaks	Number of breaks per 100 miles of water main	26 / 34	28 / 34	34	34

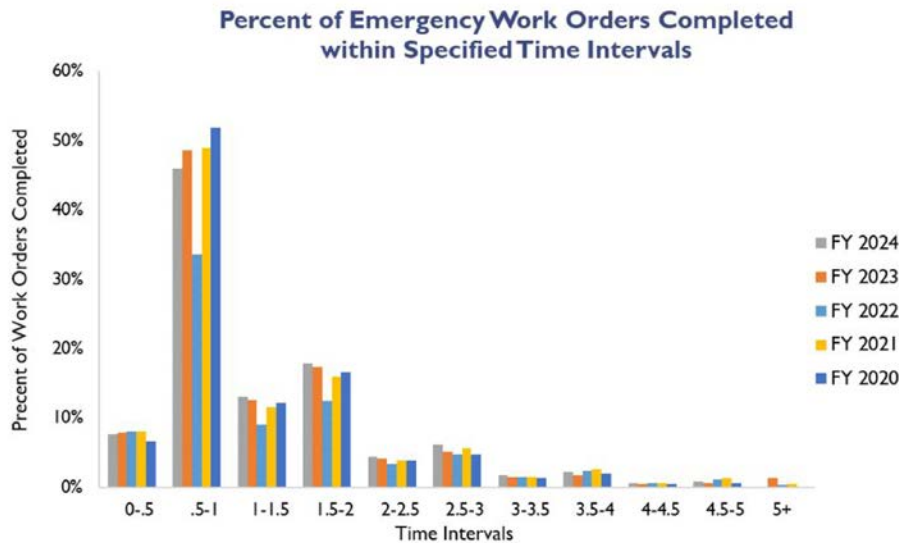
UTILITY SERVICES NORTH, WEST, CENTRAL AND SOUTH DIVISIONS (Continued)

Emergency Response

During FY 2024, 27,566 emergency work orders were initiated in response to customer or system emergencies, a 21.2% increase from FY 2023. 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 54% of emergency calls in less than 1 hour and to 84.4% in less than 2 hours with an average response time of 1.2 hours.



The following graph shows the distribution of emergency work order completion times in FY 2024. Most emergency work orders required less than 2-hours to complete.

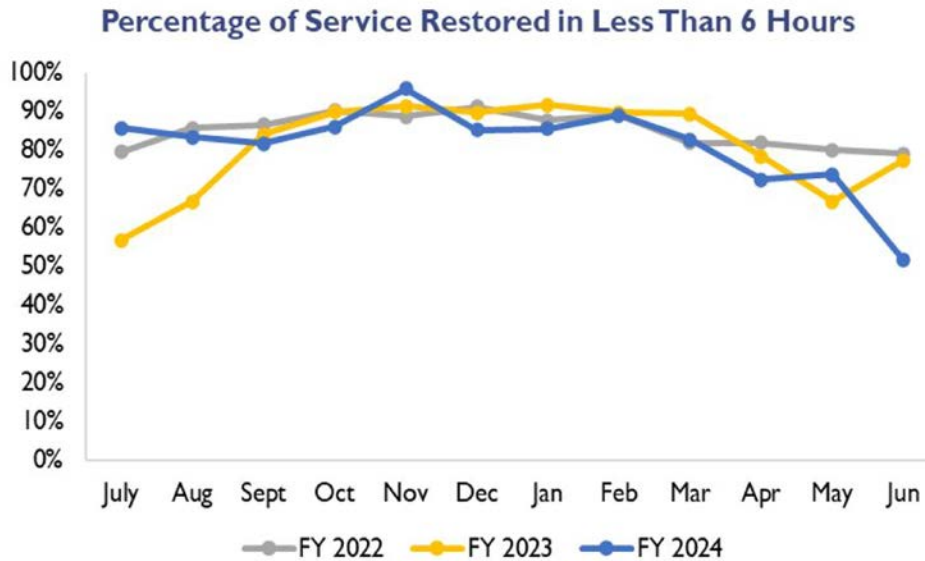


Restoration of Water Service

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 2024, more than 51,222 customers, or approximately 2.6% of WSSC Water's customers, experienced a temporary suspension in water service while a water main was shut down following a water main break or other emergency. The following graph indicates the percentage of affected customers whose water service was restored in less than 6 hours after a water main was shut down and returned to service. For FY 2024, the average time customers were without water service was 4.2 hours, with 81% having water service restored within the targeted 6 hour goal.

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

FY 2025 response times may be impacted due to budget reductions.



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 re-cleaned 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 2024, the agency was successful in preventing a second backup in 95% 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 2024, more than 724 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 and the Communications & Customer Engagement Office.

EMERGENCY SERVICE CENTER (Continued)

Core Activities

Radio Dispatching – This activity communicates with field inspectors and WSSC Water crews to investigate reports of emergencies and receive updates on field maintenance activities 24/7; updates maintenance records and arranges for resolution of problems; and operates base radio station equipment, dispatch emergency work orders to maintenance crews, cleaning companies, plumbers and other agency personnel as required.

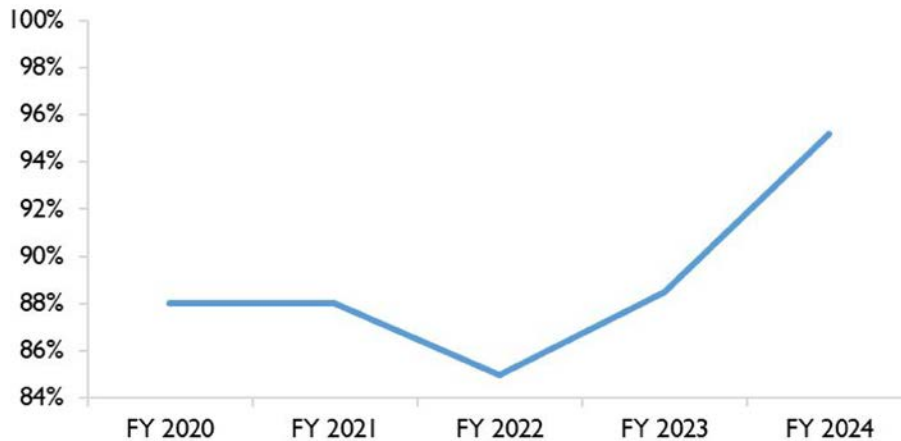
Emergency Calls – This activity includes receiving and managing water and sewer related emergency calls from customers within WSSC.

Customer Calls to the Emergency Service Center

During FY 2024, WSSC Water answered 95.2% of customer calls for emergency maintenance assistance, as shown in the graph below. Prior to the start of FY 2024 a deep dive into the call center statistics allowed a clear understanding of previous challenges to meeting the goal of answering at least 95% of calls. Changes to how calls are monitored ensure staff is 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. This change made a significant impact on the number of calls answered. 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.

Percent of Emergency Service Center Calls Answered



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 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 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	2.8 / 2.0	3.2 / 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 where 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 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Target	FY 2026 Target
Inspect the number of PCCP miles as planned	Miles of PCCP inspection performed vs. planned	9.3 / 18.0	9.5 / 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 / 10.0	0 / 10.0	10.0	10.0
Inspect the number of Metallic miles as planned	Miles of Metallic inspection performed vs. planned	n/a	n/a	10.0	10.0
Fire Hydrants (1/3 of total per depot)	Number of fire hydrants inspected every 3 years vs. planned	14,976 / 13,000	21,215 / 13,000	13,000	13,000

Activity Indicators

Workload Data	FY 2023 Actual / Target	FY 2024 Actual / Target	FY 2025 Approved	FY 2026 Proposed
Miles of sewer mains cleaned for preventive maintenance	605 / 650	585 / 650	650	650
Miles of mainline sewer televised for preventative maintenance program (WSSC Crews)	42 / 60	27 / 60	60	60
Miles of mainline sewer televised for proactive maintenance program (by contract)	135 / 200	97 / 200	150	200
Manholes inspected (by contract)	6,799 / 5,500	3,555 / 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 is dedicated to enhancing the capacity of our infrastructure to withstand interruptions and adapt to disruptive changes. We focus on improving the availability, functionality, and redundancy of critical systems, while minimizing the frequency and duration of service disruptions through proactive maintenance and the adoption of best practices.

Mission Statement

To ensure the reliability, resilience, and efficiency of WSSC Water's operations through proactive strategies and continuous improvement of systems and processes.

Core Activities

Building Resilient Water Systems – This activity is centered on strengthening the resilience of our water systems, integrating collaborative and adaptive water resource management practices, and enhancing our capacity to absorb, adapt, and recover from potential challenges such as flooding, drought, and contamination events. We prioritize improvements in water quality monitoring and the development of resilient power systems, including microgrids.

Optimizing Operations – This activity optimizes the efficiency of our operations by proactively reducing resource use and costs. This includes advancing metering infrastructure, responding to variations in water demand, aiding in meeting or exceeding regulatory demands, reducing water loss and inflow/infiltration, and improving energy use efficiency. We also focus on optimizing the use of chemicals, enhancing source water quality as well as energy and resource recovery, and promoting sustainability through reuse initiatives.



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 2024 Actual		FY 2025 Approved		FY 2026 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	\$ 317,129
General Services Department	113.2	60,678,512	141.0	100,597,354	146.0	110,597,672	5.0	10,000,318
Police & Homeland Security Office	37.4	5,833,417	45.0	5,975,762	45.0	7,312,986	-	1,337,224
Occupational Health & Safety Division	9.0	2,320,633	10.0	3,505,317	18.0	5,496,266	8.0	1,990,949
Total	159.6	\$ 68,832,562	196.0	\$ 110,078,433	210.0	\$ 123,724,053	14.0	\$ 13,645,620

Overall, the Mission Support Branch increased by 12.4% from the FY 2025 Approved Budget. This is due to transfer of the Mission Support Deputy General Manager from the General Manager's Office to the newly created Mission Support Branch Office; addition of 8 new workyears in Occupational Health & Safety Division; increase in General Services budget details of which can be found in the department's section, coupled with increase in salaries and wages.

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.

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 (REC) 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.

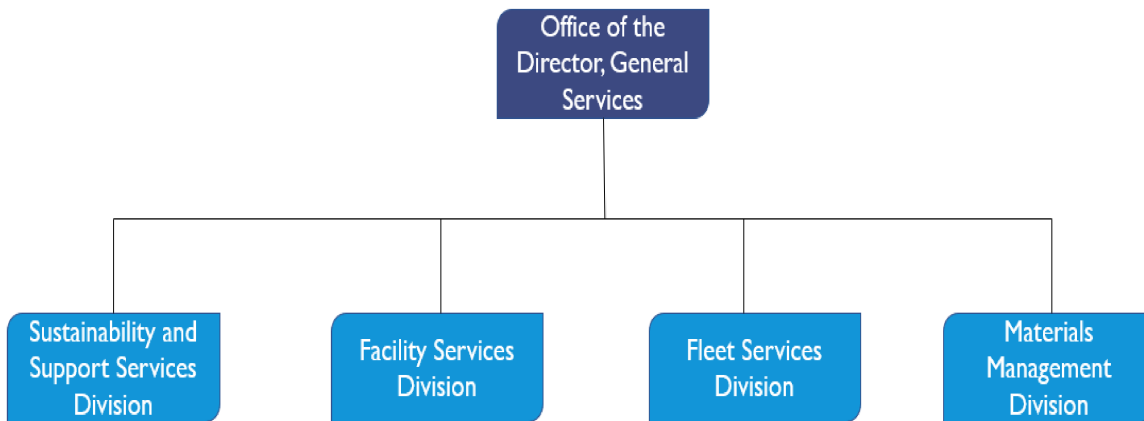
GENERAL SERVICES DEPARTMENT

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 the agency's buildings and grounds, guiding the planning, design and construction of critical support facilities, managing fleet, optimizing warehousing and inventory processes, ensuring the efficient operation of mail and messenger services, providing top-notch printing and reprographic solutions, driving property development initiatives, orchestrating space planning for optimal utilization and safeguarding the integrity of records management.

Budget Summary

General Services Department	FY 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Office of the Director, General Services	2.0	\$ 363,043	2.0	\$ 530,214	3.0	\$ 808,030	1.0	\$ 277,816
Sustainability & Support Services Division	22.5	34,691,524	30.0	68,322,294	29.0	70,168,240	(1.0)	1,845,946
Facility Services Division*	22.8	8,830,974	34.0	10,659,844	39.0	9,496,606	5.0	(1,163,238)
Fleet Services Division	38.5	12,964,645	46.0	17,456,472	46.0	26,145,495	-	8,689,023
Materials Management Division	27.4	3,828,326	29.0	3,628,530	29.0	3,979,301	-	350,771
Total	113.2	\$ 60,678,512	141.0	\$ 100,597,354	146.0	\$ 110,597,672	5.0	\$ 10,000,318

GENERAL SERVICES DEPARTMENT (Continued)

Explanation of Major Variances

The FY 2026 Proposed Budget reflects an approximate 9.9% increase compared to the FY 2025 Approved Budget. This increase is primarily due to additional funding allocated for enhancing facility maintenance, ensuring adequate resources for vehicle fleet upkeep and supporting the efficient and effective implementation of microgrid and new energy projects.

Overall, the department increased by 5 new workyears. To reduce its reliance on contractors, the Facility Services Division added 5 new Maintenance Mechanic workyears, enabling quicker response times for resolving breakdowns. The addition of new workyears aims to make the division more agile in managing workload and improving efficiency. Additionally, 1 workyear was transferred from the Sustainability & Support Services Division to the General Services Director's Office to address the department's operational needs.

Budget Highlights

- Temple Hill Depot Construction: Phase I of construction at the Temple Hill Depot is complete. The renovation of the facility will be completed in 2025 and will enhance working conditions and operational capabilities
- Anacostia Depot Project: Design phase for the new Anacostia Depot will be completed and project advertised in FY 2025
- WSSC Water Support Center Electrical Upgrade: Completed the design for the electrical upgrade, including the replacement of generators, switch gears and electrical panels. Notice to Proceed has been issued
- Enterprise Document Management: Implementation of the Enterprise Document Management (EDM) system is making significant progress and yielding positive results with over 1.5 million documents digitized
- Greenhouse Gas Reduction Initiatives: Actively pursuing initiatives aimed at significantly reducing greenhouse gas emissions to meet the WSSC Water goal of net-zero emissions by 2050
- Micro-Grid Project: Completed a feasibility study for a microgrid at the Potomac Water Filtration Plant. Preparing a Request for Proposal (RFP) to select an engineering firm for the preliminary engineering phase
- 5-Year Vehicle Replacement Plan: Implementing a comprehensive plan for the systematic replacement of vehicles

Accomplishments

- Carpool System: Implemented the Key&Go carpool system across all depots and the Support Center, which has significantly reduced the underutilization of assigned vehicles. This initiative has helped the department decrease the size of the fleet and enhance efficiency
- Vehicle GPS Upgrade: Upgraded GPS modules in all vehicles to 4G connectivity, eliminating fueling errors and associated hardware costs
- Fuel System Management: Successfully completed the implementation of the Fleet Fuel Management System
- Natural Gas Supply Agreement: Began the sale of natural gas and renewable natural gas to Montgomery County Government for use in their facilities and bus fleet
- Occupational Health & Safety Office Upgrade: Completed the construction of new offices for the Office of Occupational Health & Safety
- Piscataway WRRF Control Building Remodel: Remodeled the control building at the Piscataway WRRF with new modular furniture and locker facilities, eliminated code violations and greatly improved working conditions
- Solar Energy: Construction has begun on a 12-megawatt solar farm that will supply power to WSSC Water. This is a significant step towards reducing WSSC Water's carbon footprint and achieving the goal of net-zero carbon emissions by 2050
- Facilities Minor Renovations and Upgrades: Completed over 20 minor projects at various depots and plants to include partial building renovations, rest rooms and locker room upgrades, parking lot resurfacing, roof replacement and a pavilion for the Piscataway WRRF
- General Services Customer Service: Expanded our Customer Service Call Center to streamline all General Services-related service requests and improve efficiency

GENERAL SERVICES DEPARTMENT (Continued)

Accomplishments (Continued)

- Warehouse Online Ordering Application: Launched an upgraded Warehouse Online Ordering Application with a robust search engine and product images to improve item selection

OFFICE OF THE DIRECTOR, GENERAL SERVICES

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

Core Activities

Management and Administration - This activity manages and supervises the four divisions in this department.

General and Administrative Operations- This activity involves overseeing and directing four divisions dedicated to the management, maintenance and operation of all WSSC Water buildings and grounds. Additionally, it entails the planning, design and construction management of support facilities critical to WSSC Water's operations. Furthermore, these responsibilities extend to efficient real estate management and the provision of essential services such as printing, mailing, vending and cafeteria facilities, along with records archiving and document management. This activity also encompasses the oversight and direction of the agency's fleet of vehicles and equipment, as well as the associated infrastructure. This includes managing the 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 services such as workspace planning, real estate, office services including reprographics and mail services, records management and energy management for WSSC Water. This division also works across the agency to optimize sustainable practices such as recycling and green facilities and construction.

Core Activities

Sustainable Planning Services – This activity provides sustainability services for WSSC Water, which includes space planning, 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 2023 Actual	FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Equipment fleet managed (pieces of equipment)	682	680	680	695
Vehicle fleet managed (number of vehicles)	951	980	969	970
Scheduled preventative maintenance completed on vehicles and equipment	3,839	3,892	4,000	4,000
Other (non-preventative maintenance) vehicle and equipment repairs	9,513	9,325	9,550	9,550



MATERIALS MANAGEMENT DIVISION

The Materials Management Division warehouses and provides the required materials to support the maintenance, repair and operations of the agency's infrastructure systems and facilities.

Core Activities

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

Materials Management – This activity involves the acquisition and management of materials stocked at WSSC Water's warehouses, and used by employees and contractors in the maintenance and repair of the distribution and collection systems. This includes receiving, storing and issuing materials; inspecting, testing and evaluating materials; developing new material specifications; and certifying the manufacturing processes, materials and plants.

POLICE & HOMELAND SECURITY OFFICE

The Police & Homeland Security Office is responsible emergency management, Police services, and Security services Commission-wide. As part of those responsibilities, this office is responsible for safeguarding the agency's real property; providing for the safety of WSSC Water personnel, customers and visitors to our facilities; investigating theft of service cases; investigating illegal discharge of substances into the wastewater collection system; and investigating complaints of criminal activity which occur on agency property. The Office oversees emergency planning efforts, supports the entire emergency management cycle, and organizes and manages emergencies when required.

Mission Statement

To provide the highest quality critical infrastructure security, police and emergency management services to WSSC Water to protect the people, resources and infrastructure operated by the agency.

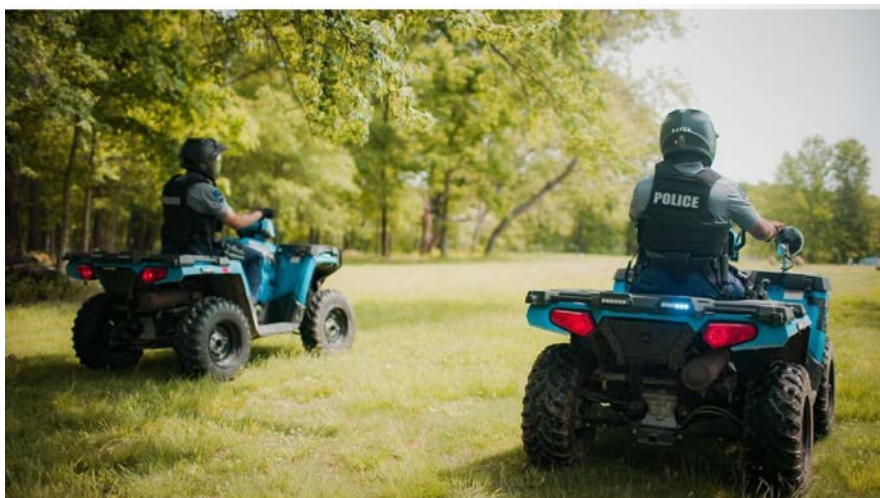
Core Activities

Security Services – This activity provides security for employees and visitors to the agency-owned property and facilities. This involves conducting proactive patrols of all WSSC Water properties and facilities; implementing and proactively monitoring centralized physical and electronic security systems; expanding and improving the performance of electronic security systems; enforcing all rules, regulations and laws regarding forestry, the environment and protection of natural resources; and providing proprietary guard services to WSSC Water facilities.

Investigative Services – This activity involves investigation into civil, criminal and administrative matters, and/or incidents involving the agency property or personnel. Also included are background investigations of contractors and potential agency employees, theft of water service, and illegal waste dumping.

Emergency Management – This activity includes coordination of the entire preparedness cycle - planning, training and exercising, for emergency situations and disasters. This activity is also responsible for assisting in the agency-wide coordination of response to large-scale emergency incidents and disasters and coordinating with state and local government public safety agencies during those incidents. Emergency management includes updating of emergency response, operations and Continuity of Operations Plans (COOP). In particular, COOP is an effort within individual executive departments and agencies to ensure continued performance of essential functions during all-hazards, both natural and man-made. Emergency management also includes management of and improving follow-through on improvement planning processes and after-action reports following emergency exercises and real-world incidents.

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 the agency safety regulations. It is also responsible for providing a safe, inclusive, and healthy work environment for WSSC Water employees, administering occupational safety and health programs to ensure compliance with all federal, state, and local regulations. This includes safety inspections, accident investigations, training, regulatory enforcement, as well as the administration of health programs. In addition, the office is responsible for the administering of the worker's compensation programs.

Mission Statement

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 2024 Actual		FY 2025 Approved		FY 2026 Proposed		Increase / (Decrease)	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Human Resources Non-Departmental	-	\$ 37,954,765	-	\$ 34,077,175	-	\$ 40,415,946	-	\$ 6,338,771
Finance Non-Departmental								
Debt Service	-	343,481,085	-	365,448,999	-	373,801,000	-	8,352,001
PAYGO	-	44,000,000	-	50,601,000	-	93,000,000	-	42,399,000
Other (Social Security, Retirement, etc.)	-	35,778,903	-	61,427,738	-	71,697,080	-	10,269,342
Retirement Trust Chargeback	-	(1,650,603)	-	(1,771,610)	-	(2,061,479)	-	(289,869)
Total	-	\$ 459,564,150	-	\$ 509,783,302	-	\$ 576,852,547	-	\$ 67,069,245

Explanation of Major Variances

The FY 2026 Proposed Budget reflects an overall increase of 13.2% from the FY 2025 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 77 new workyears 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	Department of Public Works Howard County
2	National Institutes of Health
3	University of Maryland
4	U.S. Navy Walter Reed
5	Joint Base Andrews
6	National Institute of Standards and Technology (NIST)
7	Leisure World
8	Gaylord
9	General Services Administration (GSA)
10	Franklin Park Apartments
11	Southern Management Corp
12	Bowie State University
13	Pepsi Cola
14	MGM Resorts
15	Prince George's County Central Services
16	Coca Cola Bottling Company
17	MedImmune LLC
18	Charles County Government
19	Enclave Holding LLC
20	Advanced Conservation Technology

Based on FY 2024 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 2020	FY 2021	FY 2022	FY 2023	FY 2024
Customer Accounts Both Counties	463,755	466,884	468,929	471,575	472,809
Percent Change (%)	0.6%	0.7%	0.4%	0.6%	0.3%
By Type of Customer*					
Residential	442,536	445,503	442,968	446,754	448,095
Percent Change (%)	0.6%	0.7%	-0.6%	0.9%	0.3%
Commerical and Industrial	17,455	17,402	21,843	21,983	21,909
Percent Change (%)	3.6%	-0.3%	25.5%	0.6%	-0.3%
Government and Other	3,764	3,979	4,118	2,838	2,805
Percent Change (%)	-3.1%	5.7%	3.5%	-31.1%	-1.2%
By Type of Property*					
Single-Family Residence	341,776	343,414	343,851	345,386	345,609
Townhouse	92,883	94,823	96,209	98,433	99,398
General Commercial	17,446	16,050	13,202	16,901	16,882
Garden Apartment	3,861	3,978	3,977	3,992	4,004
Multi-Unit (Individually Metered)	2,615	2,626	2,624	2,625	2,618
High-Rise Apartment	426	468	473	481	485
Other	4,748	5,525	8,593	3,757	3,813
	463,755	466,884	468,929	471,575	472,809

* 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

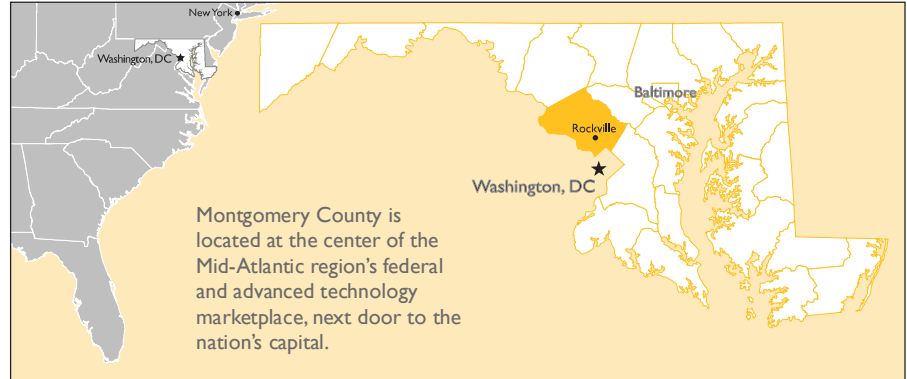
MONTGOMERY COUNTY, MARYLAND

Montgomery County is Maryland's most populous jurisdiction and is one of its most affluent. It has a stable and significant office market, and is a major economic engine for the state. It is home to an array of groundbreaking innovations, such as mapping the human genome, developing life-saving therapies, building premier cybersecurity defenses, and driving world-class IT advancements.

Federal facilities in the county include the National Institutes of Health, the National Institute of Standards and

Technology, and the Food and Drug Administration. The county is also home to educational and research organizations such as the Howard Hughes Medical Institute, the Henry M. Jackson Foundation, the Universities at Shady Grove and Montgomery College, the #10 community college in the nation (WalletHub, 2022).

Montgomery County's private sector industries generate \$85.1 billion in economic output in areas including information technology, telecommunications, biotechnology, software development, aerospace engineering, professional services, and government/federal



contractors. Leading private employers include Adventist Healthcare, Choice Hotels, Emergent BioSolutions, GEICO, Giant Food, HMSHost, Kaiser Permanente, Lockheed Martin, Marriott Intl., AstraZeneca, Supernus, Verizon, WeddingWire/The Knot, MilliporeSigma, GSK, and Leidos.

Recent developments include the start of construction for the Purple Line, a 16-mile light rail from Montgomery County to Prince George's County, and completion of a new mixed-use development in the heart of the Wheaton Triangle called the Wheaton Revitalization Project.

LOCATION

Driving distance from Rockville:	Miles	Kilometers
Atlanta, Georgia	624	1005
Baltimore, Maryland	38	61
Boston, Massachusetts	436	702
Chicago, Illinois	670	1078
New York, New York	225	363
Philadelphia, Pennsylvania	136	219
Pittsburg, Pennsylvania	207	333
Richmond, Virginia	118	190
Washington, DC	16	26

CLIMATE AND GEOGRAPHY¹

Yearly Precipitation (inches)	43.5
Yearly Snowfall (inches)	24.9
Summer Temperature (°F)	78.0
Winter Temperature (°F)	35.1
Days Below Freezing	86.3
Land Area (square miles)	495.4
Water area (square miles)	10.1
Elevation (ft)	10 to 880

POPULATION^{2,3}

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

*Frederick, Montgomery and Prince George's counties

**Projections

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

POPULATION DISTRIBUTION^{2,3} (2022)

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



Brief Economic Facts MONTGOMERY COUNTY, MARYLAND

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

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

*Frederick, Montgomery and Prince George's counties

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

Employer	Product/Service	Employment
National Institutes of Health*	HQ/ medical research	17,535
Naval Support Activity Bethesda*	Medical services	10,204
U.S. Food and Drug Administration*	HQ / food & drug R&D & standards	8,500
Giant Food	Groceries	4,354
Adventist HealthCare	HQ / medical services	3,675
Government Employees Insurance (GEICO)	HQ / insurance	3,505
Marriott International	HQ / hotels & motels	3,500
Astrazeneca	HQ / pharmaceutical R&D & manufacturing	3,500
National Oceanic and Atmospheric Administration*	HQ / weather analysis & reporting	2,913
Kaiser Foundation Health Plan	Medical services	2,720
Montgomery College	Higher education	2,719
U.S. Nuclear Regulatory Commission*	HQ / utilities regulation	2,522
Holy Cross Hospital	Medical services	2,070
National Institute of Standards and Technology*	HQ / testing & standards; R&D	2,000
Infosys	Consulting	2,000
Henry M. Jackson Foundation for the Advancement of Military Medicine, The	HQ / R&D in the social sciences & humanities	1,959
Suburban Hospital	Medical services	1,887
Westat	HQ / contract research & surveys	1,750

Excludes post offices, state and local governments, national retail and national foodservice; includes higher education

*Employee counts for federal and military facilities exclude contractors to the extent possible; embedded contractors may be included

EMPLOYMENT⁴ (2022)

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

Includes civilian employment only

HOURLY WAGE RATES⁴ (2022)

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

Wages are an estimate of what workers might expect to receive in Montgomery County and may vary by industry, employer and locality

Brief Economic Facts MONTGOMERY COUNTY, MARYLAND

SCHOOLS AND COLLEGES^{3,8}

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

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

Public Schools

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

Nonpublic Schools Number: 315

Higher Education (2023)	Enrollment	Degrees
-------------------------	------------	---------

2-year institution

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

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

Universities at Shady Grove - Degree programs offered by 9 University System of Maryland institutions including UMCP, UMB, UB, UMBC, UMES, UMUC, Bowie, Salisbury and Towson.

TAX RATES⁹

	Montgomery Co.	Maryland
--	----------------	----------

Corporate Income Tax (2023)	none	8.25%
Base – federal taxable income		

Personal Income Tax (2023)	3.20%	2.0-5.75%
Base – federal adjusted gross income		
*Graduated rate peaking at 5.75% on taxable income over \$300,000		

Sales & Use Tax (2023)	none	6.0%
Exempt – sales for resale; manufacturer's purchase of raw materials; manufacturing machinery and equipment; purchases of materials and equipment used in R&D and testing of finished products; purchases of computer programs for reproduction or incorporation into another computer program for resale		

Real Property Tax (2023)	\$0.6940	\$0.11
Effective rate per \$100 of assessed value		
In addition to this rate, there are some miscellaneous taxes and/ or special taxing areas in the county; in an incorporated area, a municipal rate may also apply		

Business Personal Prop. Tax (2023)	\$1.7945	none
Rate per \$100 of depreciated value		
Exempt – manufacturing and R&D machinery, equipment, materials and supplies; manufacturing, R&D and warehousing inventory. In an incorporated area, a municipal rate may also apply; municipal exemptions may be available		

Major Tax Credits Available

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

INCOME³ (2018-2022)

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

HOUSING^{3,10}

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

Housing Transactions

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

*All multiple listed properties excludes auctions and FSBO

BUSINESS AND INDUSTRIAL PROPERTY⁶

Already home to over 300 biotech companies, the county is planning additional development along the I-270 and Rt. 29 corridors, adding to its global reputation as a technology center. Over 1.5 million sf of urban, transit-oriented office space is under construction in downtown Bethesda including Marriott's new corporate headquarters scheduled for completion in 2022. Viva White Oak - Broke ground in 2018 on a 300-acre mixed use devt. focusing on advanced technologies, adjacent to the new U.S. FDA HQ campus.

Montgomery College Germantown Campus Science and Technology Park - Up to one million sf planned, including an academic and training facility tied in with the college's biotech program, a business incubator, and build-to-suit facilities.

Business Incubators

Alexandria LaunchLabs (Gaithersburg); Bethesda Green; BioHealth Innovation (Rockville); Germantown Innovation Center; GovCon (Rockville); Rockville Innovation Center; Silver Spring Innovation Center

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

Brief Economic Facts MONTGOMERY COUNTY, MARYLAND

TRANSPORTATION

Highways: I-270 (“The Technology Corridor”), I-370, I-495, U.S. Route 29 and the ICC (MD 200); ten-minute access to I-95

Rail: 12 Metrorail stations, including three of the system’s busiest; 11 future Purple Line rail stops; Amtrak, MARC and CSX Transportation offer long-distance passenger and commuter service as well as freight rail service

Bus: 234 Metrobuses operating on 41 routes in the county, plus extensive service via the county’s Ride-On bus system
Truck: More than 130 local and long-distance trucking establishments

Water: Served by the Port of Baltimore with a 50’ channel; a leading U.S. automobile and break-bulk port; seven public terminals including the state-of-the-art Intermodal Container Transfer Facility

Air: Commercial passenger and air cargo services are available through Baltimore/Washington International Thurgood Marshall, Washington Dulles International, and Ronald Reagan Washington National Airports; commuter and corporate air service is available at the Montgomery County Airpark (4200’ runway)

RECREATION AND CULTURE

Parks and Recreation: More than 410 different parks, including national, state, regional and neighborhood, featuring tennis courts, ball fields and totaling 34,600 acres; more than 100 miles of trails provide recreational opportunities

Golf: Nine public golf courses, 22 private golf courses, and more than a dozen country clubs, including the Tournament Players Club at Avenel; county hosted the 2011 US Open at Congressional Country Club.

Sports: 11 public pools and 50 private community pools; public and private tennis courts throughout the county; year-round amateur and professional sports as well as thoroughbred racing.

Cultural: The Music Center at Strathmore’s 1,978-seat concert hall and adjacent education center; Olney Theatre Center in Olney; American Film Institute’s Silver Theatre, the Round House Theatre, Bethesda Blues and Jazz Supper Club, and the Fillmore featuring Live Nation in Silver Spring.

Arts & Entertainment Districts: Bethesda, Silver Spring, Wheaton.

Attractions: Clara Barton National Historic Site, National Capital Trolley Museum, Chesapeake & Ohio Canal National Historical Park, Sugarloaf Mountain Vineyard and Brookside Gardens.

Events: Sugarloaf Craft Festival, Montgomery County Agricultural Fair, SILVERDOCS Film Festival, Quicken Loans National Golf Tournament, and Seneca Creek State Park Light Festival.

UTILITIES

Electricity: Potomac Electric Power Company, Baltimore Gas and Electric and the Allegheny Power System; customers of investor-owned utilities and major cooperatives may choose their electric supplier

Gas: Natural gas supplied by Washington Gas; BGE serves the northern section of the county; customers may purchase gas from other natural gas suppliers

Water and Sewer: Washington Suburban Sanitary Commission (WSSC) maintains and operates the county’s water and sewer system; the City of Rockville operates its own water and sewer system

Telecommunications: Verizon Maryland, Comcast and RCN provide cable television, high-speed wired and wireless internet and telephone services in the county; services available include Ethernet, VoIP, and Verizon FiOS)

GOVERNMENT¹¹

County Seat: Rockville

Government: County executive and nine county council members elected for four-year terms; charter form of government allows for the separation of the executive from the legislative branch; lawmaking powers are vested in an elected legislative body

Marc B. Elrich, County Executive 240.777.2500

Evan Glass President, County Council 240.777.7964

Website: www.montgomerycountymd.gov

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

Montgomery County Economic Development Corporation

Bill Tompkins, President and CEO

1801 Rockville Pike, Suite 320 Rockville, Maryland 20852

Telephone: 240.641.6700

Email: connect@thinkmoco.com

thinkmoco.com

Sources:

- 1 National Oceanic and Atmospheric Administration (1981-2010 normals); Maryland Geological Survey
- 2 American Community Survey
- 3 U.S. Bureau of the Census
- 4 Maryland Department of Labor, Office of Workforce Information and Performance
- 5 U.S. Bureau of Labor Statistics
- 6 Montgomery County Economic Development Corporation
- 7 Maryland Department of Commerce
- 8 Maryland State Department of Education; Maryland Higher Education Commission
- 9 Maryland State Department of Assessments and Taxation; Comptroller of the Treasury
- 10 Maryland Association of Realtors
- 11 Maryland State Archives; Maryland Association of Counties



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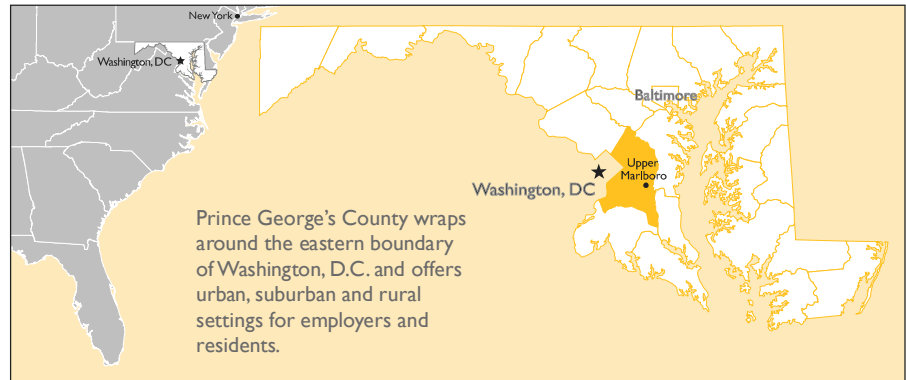
Brief Economic Facts

PRINCE GEORGE'S COUNTY, MARYLAND

Prince George's County wraps around the eastern boundary of Washington, D.C. and offers urban, suburban and rural settings. The region is served by three international airports and the Port of Baltimore. The county boasts a friendly business climate, skilled workers and an outstanding quality of life.

Prince George's has one of the largest technology and aerospace sectors in the state and a growing hospitality sector. Major private employers include SGT, Inovalon, Verizon, and MGM National Harbor, with private sector industries generating \$38.5 billion in economic output. Woodmore Towne Centre and National Harbor are stellar, high-quality mixed-use developments, plus the Towne Square at Suitland Federal Center currently under construction.

Prince George's County has significant federal facilities, such as Joint Base Andrews, NASA Goddard Space Flight Center, FDA, NOAA, USDA Beltsville Agricultural Research Center, and the U.S. Citizenship and Immigration Services headquarters. Academic facilities include the University of Maryland College Park, the state's flagship public university,



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

LOCATION

Driving distance from Upper Marlboro	Miles	Kilometers
Atlanta, Georgia	626	1007
Baltimore, Maryland	37	60
Boston, Massachusetts	433	697
Chicago, Illinois	703	1131
New York, New York	222	357
Philadelphia, Pennsylvania	133	214
Pittsburg, Pennsylvania	239	385
Richmond, Virginia	107	173
Washington, DC	18	29

CLIMATE AND GEOGRAPHY¹

Yearly Precipitation (inches)	44.1
Yearly Snowfall (inches)	13.9
Summer Temperature (°F)	75.8
Winter Temperature (°F)	36
Days Below Freezing	92
Land Area (square miles)	487
Water area (square miles)	12.2
Shoreline (miles)	119
Elevation (ft)	sea level to 440

POPULATION^{2,3}

	Prince George's County Households	Prince George's County Population	Maryland part of Washington DC metro*	Maryland
2010	304,050	863,420	2,036,172	5,773,552
2020	316,150	909,612	2,226,589	6,055,802
2030**	332,150	916,770	2,324,580	6,254,500

*Frederick, Montgomery and Prince George's counties

**Projections

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

POPULATION DISTRIBUTION^{2,3} (2022)

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



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2023.2

Brief Economic Facts

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

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

*Frederick, Montgomery and Prince George's counties

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

Employer	Product/Service	Employment
University System of Maryland	Higher education	20,250
Joint Base Andrews Naval Air Facility Washington**	Federal Military installation	11,650
U.S. Internal Revenue Svc. **	Federal Revenue Collection	4,735
	Federal Demographic Research	4,605
U.S. Census Bureau**		
WMATA	Public Transportation	3,546
NASA/Goddard Space Flight Ctr.	Federal, Space Research	3,000
United Parcel Service	Mail and package delivery	3,000
Prince George's Community College	Higher education	2,045
MGM National Harbor	Hotels and Gaming	2,000
Gaylord National Resort-Convention Ctr	Hotels and Conventions	2,000
ASRC Federal (Arctic Slope Regional Corp)	Research and Engineering	1,903
National Maritime Intelligence-Integration Office (NMIO)	Federal Maritime Intelligence Analysis	1,890
Verizon	Telecommunication	1,800
University of Maryland Capital Region Health	Medical services	1,800
CBMC Capital	Building Maintenance	1,800
U.S. Dept. Of Agriculture**	Federal Government	1,725
Knight Protective Services	Security Guard Service	1,500
MELWOOD HORT TRAINING CTR INC	Social services	1,400
National Oceanic and Atmospheric Admin**	Federal Weather Analysis and Reporting	1,375

Excludes post offices, state and local governments, national retail and national foodservice; includes higher education

*Includes UMCP, UMUC and Bowie State University

**Employee counts for federal and military facilities exclude contractors to the extent possible; embedded contractors may be included

EMPLOYMENT⁴ (2022)

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

Includes civilian employment only

HOURLY WAGE RATES⁴ (2022)

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

Wages are an estimate of what workers might expect to receive in Prince George's County and may vary by industry, employer and locality

Brief Economic Facts

SCHOOLS AND COLLEGES^{3,8}

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

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

Public Schools

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

Nonpublic Schools Number: 100

Higher Education (2022)

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

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

TAX RATES⁹

	Prince George's County	Maryland
Corporate Income Tax (2023)	none	8.25%
Base – federal taxable income		
Personal Income Tax (2023)	3.20%	2.0-5.75%
Base – federal adjusted gross income		
*Graduated rate peaking at 5.75% on taxable income over \$300,000		
Sales & Use Tax (2023)	none	6.0%
Exempt – sales for resale; manufacturer's purchase of raw materials; manufacturing machinery and equipment; purchases of materials and equipment used in R&D and testing of finished products; purchases of computer programs for reproduction or incorporation into another computer program for resale		
Real Property Tax (2023)	\$1.0000	\$0.1120
Effective rate per \$100 of assessed value		
In addition to this rate, there are some miscellaneous taxes and/ or special taxing areas in the county; in an incorporated area, a municipal rate may also apply		
Business Personal Prop. Tax (2023)	\$2.50	none
Rate per \$100 of depreciated value		
Exempt – manufacturing and R&D machinery, equipment, materials and supplies; manufacturing, R&D and warehousing inventory In an incorporated area, a municipal rate may also apply; municipal exemptions may be available		

Major Tax Credits Available

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

INCOME³ (2018-2022)

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

HOUSING^{3,10}

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

Housing Transactions

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

*All multiple listed properties excludes auctions and FSBO

BUSINESS AND INDUSTRIAL PROPERTY⁶

The county offers a range of business locations, including urban mixed-use developments at Metro stations, suburban office parks, a Foreign Trade Zone countywide, State Enterprise Zone, Opportunity Zones, and distribution and manufacturing parks with rail and highway access. The University of Maryland Discovery District provides opportunities for direct collaboration with one of the top universities in the nation. Class A office space with great access is available in Laurel, Calverton, Bowie, College Park, Beltsville, Greenbelt, Hyattsville, Largo, Lanham, and many other locations.

Prince George's County enacted landmark legislation establishing a \$50 million **Economic Development Incentive Fund (EDIF)** that provides loans, guarantees and conditional loans for projects in the county that create jobs and investment.

Business Incubators

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

Brief Economic Facts // PRINCE GEORGE'S COUNTY, MARYLAND

TRANSPORTATION

Highways: I-95, I-495, U.S. 1, U.S. 50, U.S. 301, Baltimore Washington Parkway (MD 295), and Intercounty Connector (MD 200).

Mass Transit: MARC (MD Area Regional Commuter) serves the Baltimore-Washington corridor, with nine locations in the county; WMATA (Washington Metro Area Transit Authority) provides 70 bus routes and rail service: 15 stations on the Blue, Silver, Orange and Green Metro rail lines; local bus system with 28 routes.

Rail: CSX Transportation and Norfolk Southern Railway; Amtrak Metroliner passenger service from D.C. to New York with intermediate stops, including the Capital Beltway Station at New Carrollton; and the 16 mile/21 station Purple Line light rail transit system under construction, connecting Prince George's and Montgomery counties.

Truck: All major motor freight common carriers serve the county.

Water: Served by the Port of Baltimore, a leading U.S. automobile and break-bulk port, with a 50' channel and seven public terminals including the state-of-the-art Intermodal Container Transfer Facility; one of only four ports on the East Coast able to accommodate Neo-Panamax ships

Air: Baltimore/Washington International Thurgood Marshall Airport, accessible by bus, train and shuttle van; Ronald Reagan Washington National Airport, minutes from the Capital Beltway and accessible by bus and metro; and Washington Dulles International Airport, accessible by bus, car and WMATA Silver Metro rail line.

RECREATION AND CULTURE

Parks and Recreation: Maryland-National Capital Park and Planning Commission manages nearly 26,000 acres of parkland with over 90 miles of paved hiker/biker/equestrian trails; 127 neighborhood parks; 39 community centers; 27 recreational buildings; 10 aquatic facilities; three ice rinks; four golf courses; 214 tennis courts and an indoor/outdoor tennis facility; the Prince George's Equestrian Center and the Show Place Arena; an airport (the oldest in operation); a marina; and the Prince George's Sports and Learning Complex.

Sports: Comcast Center, Maryland Stadium, Samuel Riggs IV Alumni Center, FedEx Field (home of the Washington Commanders), and a 10,000 seat AA baseball stadium.

Cultural and Historical: Clarice Smith Performing Arts Center at the University of Maryland; many historical sites and museums; the Smithsonian Institutions, the Kennedy Center, and the National Gallery of Art are just across the county line in the nation's capital.

Arts & Entertainment District: Gateway Arts District (Hyattsville-North Brentwood-Brentwood-Mount Rainier)

Attractions: Six Flags America theme park; MGM National Harbor, a luxury waterfront dining, retail, entertainment and gaming resort on the Potomac River; and Tanger Outlets with 80 designer and name brand stores.

UTILITIES

Electricity: Baltimore Gas and Electric, Potomac Electric Power Company, and Southern Maryland Electric Cooperative, Inc.; customers may choose their electric supplier

Gas: Natural gas supplied by Baltimore Gas and Electric and Washington Gas; customers may choose their gas supplier

Water and Sewer: Washington Suburban Sanitary Commission

Telecommunications: Verizon, Comcast, Level 3 Communications and others have significant fiber throughout the county; AT&T, Sprint, Cavalier, Cox, and other carriers and resellers also offer services on proprietary and leased lines

GOVERNMENT

County Seat: Upper Marlboro

Government: County executive elected at large and nine county council members elected by district for four-year terms; charter form of government allows for the separation of the executive from the legislative branch; lawmaking powers are vested in an elected legislative body

Angela D. Alsobrooks, County Executive 301.952.4131

Thomas E. Dernoga, Chair, County Council 301.952.3700

Website: www.princegeorgescountymd.gov

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

Prince George's County Economic Development Corporation

David Iannucci, President and CEO

1801 McCormick Drive, Suite 350

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 IIF) A fixed fee that funds a portion of the debt service associated with WSSC Water's water and sewer pipe reconstruction programs.

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Justice40	Federal program to invest in climate change, clean energy and energy affordable and sustainable housing, training and workforce development, remediation and reduction of legacy pollution, and the development of critical clean water and wastewater infrastructure efficiency, clean transit, affordable and sustainable housing, training and workforce development, remediation and reduction of legacy pollution, and the development of critical clean water and wastewater infrastructure in disadvantaged communities.
Level of Service	The services, programs, and facilities provided by WSSC Water to its customers. The level of service may increase, decrease, or remain the same, depending upon needs, alternatives, and available resources.
Maryland Department of the Environment	(Also referred to as MDE) The Maryland Department of the Environment was created in 1987 to protect and preserve the State's air, water and land resources and safeguard the environmental health of Maryland's citizens. MDE's duties also encompass enforcement of environmental laws and regulations, long-term planning and research. MDE provides technical assistance to Maryland industry and communities for pollution and growth issues and environmental emergencies.
Maryland-National Capital Park and Planning Commission	(Also referred to as M-NCPPC) Founded in 1927 and chartered by the State of Maryland, it has geographic authority in the Montgomery and Prince George's County regions, planning and coordinating regional growth and development, including a system of parks and recreational locations.
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;

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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.
Operating Budget	A comprehensive financial plan by which WSSC Water's operating programs are funded for a single fiscal year.
Other Post-Employment Benefits	(Also referred to as OPEB) Employees in the public sector may be compensated in a variety of forms in exchange for their services. In addition to salary, employees may earn benefits over their years of service that will not be received until their service has been severed due to retirement or other reasons. The most common type of post-employment benefit is a pension. Other post-employment benefits generally take the form of health insurance, dental, prescription drug, or other health care benefits. It may also include life insurance, legal services, or other benefits.
Outcome Measure	A measure of the degree to which an objective has been achieved. For WSSC Water, this usually corresponds to the impact of a service on an organization's key responsibilities, especially the effect on citizens, customers, or other users of the service.
Pay-As-You-GO Financing	(Also referred to as PAYGO) The funding of capital expenditures with operating funds instead of debt.
Plumbing and Inspection Fees	A fee for WSSC Water's inspection of all plumbing and gas fixtures installed in residential and commercial structures to ensure that such

APPENDIX B - GLOSSARY

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.
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.

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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.
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.

APPENDIX B - GLOSSARY

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.
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.

APPENDIX B - GLOSSARY

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.
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.

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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.
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	FTE	Full Time Equivalent = Workyear
AFO	Acoustic Fiber Optic	FY	Fiscal Year
AL	Action level	GAAP	Generally Accepted Accounting Principles
AMF	Account Maintenance Fee	GAL	Gallon
AMI	Advanced Metering Infrastructure	GFOA	Government Finance Officers Association
AWWA	American Water Works Association	GIS	Geographic Information System
BGE	Baltimore Gas & Electric Company	GPD	Gallons per Day
C2M	Customer-to-Meter	GPS	Global Positioning System
CAP	Customer Assistance Program	GRR	Galvanized Requiring Replacement
CEO	Chief Executive Officer	HAA	Haloacetic Acid
CLF	Consolidated Lab Facility	H/C	House Connection
CIP	Capital Improvements Program	HVAC	Heating, ventilating & air conditioning
CIU	Categorical Industrial User	ICPRB	Interstate Commission on the Potomac River Basin
COOP	Continuity of Operations Plans	IIF	Infrastructure Investment Fee
CPI-W	Consumer Price Index for Urban Wage Earners & Clerical Workers	IMA	Blue Plains Intermunicipal Agreement
CSO	Combined Sewer Overflows	IT	Information Technology
DC Water	District of Columbia Water and Sewer Authority	JEDI	Justice, Equity, Diversity & Environmental Justice
DRP-DR	Developer Relocation/Rehabilitation Review	LCRR	Lead and Copper Rule Revisions
DSCR	Debt Service Coverage Ratio	LSL	Lead Service Line
DSD	Development Services Division	M	Million
DWRLF	Drinking Water Revolving Loan Fund	MBE	Minority Business Enterprise
E&C	Engineering & Construction Department	MDE	Maryland Department of the Environment
EBS	E-Business Suite	MGD	Million Gallons per Day
EGIS	Enterprise Geographic Information System	M-NCPPC	Maryland-National Capital Park and Planning Commission
EJ	Environmental Justice	MOU	Memorandum of Understanding
EPA	Environmental Protection Agency	MVR	Meter, Vertical Turbine
ESA	Environmentally Sensitive Area	M/WBE	Minority/Women Business Enterprise Program
EUM	Effective Utility Management	MWCOG	Metropolitan Washington Council of Governments
FEMA	Federal Emergency Management Agency	MWIFA	Maryland Water Infrastructure Financing Administration
FFBC	Front Foot Benefit Charge	NO-DES	Neutral Output Discharge Elimination System
FICA	Social Security & Medicare	NTU	Nephelometric Turbidity Units
FM	Force Main	O&M	Operations and maintenance
FOG	Fats, Oils, and Grease		
FOMC	Federal Open Market Committee		
FSE	Food Service Establishment		

APPENDIX C - ACRONYMS

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		
WFP	Water Filtration Plant		
WQRLF	Water Quality Revolving Loan Fund		
WRRF	Water Resource Recovery Facilities		
WSSC	Washington Suburban Sanitary Commission		



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