

WASHINGTON SUBURBAN SANITARY COMMISSION



AGENDA SPECIAL MEETING TUESDAY, JANUARY 28, 2025

ITEM	TIME
OPEN SESSION - VIRTUAL	
Updated 1/27: Attachments Added	
Call to Order - 3:30 PM	
1. Approval of Agenda Vote	
2. Staff Introduction MC/PG 105-25 MC/PG 105-25 - Washington Suburban Sanitary Commission Membership Transparency Billing and Planning Information	3:35 PM
3. Adjournment of Open Session Vote - 3:45 PM (estimate)	
4. CLOSED SESSION Closed pursuant to Maryland Code Annotated, General Provisions Article, Title 3, Open Meetings Act, Subtitle 3, Open Meetings Requirements - Closed Sessions: Section 3305(b)(7) & (8) to consult with counsel and staff regarding potential litigation and to receive legal advice regarding that potential litigation.	
5. Continuation of Open Session MC/PG 105-25 - Washington Suburban Sanitary Commission - Membership, Transparency, Billing, and Planning Vote Recommendation Memo MCPG105-25 MCPG 105-25 MCPG 105-25 Summary of Bill with Recommendations High Bill Adjustment Estimates for MC_PG 105-25 2. PRAG memo _ad valorem opinion 3b. FA Task Order 9 BOA 29311 RE_ BOA 29311 - Financial Advisory Services 4. PRAG_WSSC 2025 Strategy Project Schedule 1_22_25 Request to OIG - Independent Review - Governing Structure Benchmarking and Operational Efficiency	4:10 PM

6. Adjournment of Open Session

Vote

Future Meetings/Events of Note

January 29, 2025 - FY26 Preliminary Proposed Operating Budget Public Hearing, Montgomery County, 7:00PM

February 4, 2025 - FY26 Preliminary Proposed Operating Budget Public Hearing, Prince George's County, 7:00PM

February 19, 2025 - WSSC Monthly Commission Meeting, 10:00AM

see wsscwater.com/events for more information



Interoffice Memorandum

TO: Commissioners

THRU: Kishia L. Powell, General Manager/CEO
Nina Hickson, Chief of Staff

FROM: Monica Marquina, Director, Intergovernmental Relations
Kenneth Simons, Manager, Intergovernmental Relations

DATE: January 26, 2025

RE: **MC/PG 105–25 - Washington Suburban Sanitary Commission –
Membership, Transparency, Billing and Planning (WSSC
Transparency and Reform Act of 2025)**

Recommended Position

Support portions of the Bill as it currently exists with Amendments; any additions to the bill would require additional analysis.

Overview

Delegate Marc Korman, Chair of the General Assembly's Environment and Transportation Committee, introduced [MC/PG 105-25 - Washington Suburban Sanitary Commission – Membership, Transparency, Billing and Planning \(WSSC Transparency and Reform Act of 2025\)](#) a bi-county bill which the sponsor has conveyed aims to implement several oversight, organizational, and operational changes to the Commission. Provisions include:

1. Requiring one of the commissioners from Montgomery County on the Washington Suburban Sanitary Commission to be the Director of the Montgomery County Department of Environmental Protection or the Director's designee.
2. Requiring the Commission to develop certain long-range planning scenarios on a periodic basis.
3. Requiring the Commission to include certain information related to the Commission on the Commission's searchable website.
4. Prohibiting the Commission from limiting how frequently certain customers may receive a certain billing adjustment (high bill adjustment).
5. Altering the authorized billing frequency for certain charges.

6. Requiring the Commission appoint a representative to a certain coordinating committee (Avenel).
7. Requiring the Office of Program Evaluation and Government Accountability in the Department of Legislative Services to conduct a certain review of the efficiency and sustainability of the Commission's operations; and generally relating to the Washington Suburban Sanitary Commission.

Discussion

On December 9 and December 10, MC/PG 105-25 was heard at public hearings in Montgomery and Prince George's County.

As a bi-county bill, MC/PG 105-25 has been dually assigned to both Montgomery and Prince George's County Delegations for consideration. The bill is currently under review by the Montgomery County House Delegation's Metro Washington Committee. The Committee held its first work session on MC/PG 105-25 on January 13, 2025. During the work session, the bill sponsor indicated he would be proposing amendments and that he was looking forward to working with WSSC Water and would consider any additional amendments put forth by the Commission. The General Manager of WSSC Water presented, during the working session, and expressed an interest in working collaboratively on the legislation. Commission Chair Foster joined the General Manager, during the work session, and provided opening remarks, emphasizing an interest in working collaboratively as well on the proposed legislation.

As part of the bi-county process, it is customary that the County Council and County Executive from Montgomery and Prince George's Counties take a position on legislation impacting WSSC Water. To date, no position has been taken at the County level. WSSC Water, upon Commission review and consideration, will engage the County Executives and County Councils regarding any proposed amendments to the introduced legislation after further engagement with the bill sponsor and co-sponsors.

The next step in the process is to provide the Commission's position and/or proposed amendments to the bill sponsor and co-sponsors, and the Metro Washington Committee Chair for their consideration in advance of the next committee meeting which is scheduled for February 3, 2025. It is anticipated that the bill sponsor will also present amendments during this committee meeting as well.

As outlined, during the January 18, 2025, Commission meeting, staff identified several areas in the legislation that pose unintended adverse impacts on our valued customers and the organization. Staff has reviewed the measure, engaged subject matter experts, and met with several key stakeholders to assist with informing the proposed amendments presented.

Staff recommends that the Commission support the bill with the amendments as described in the attached document.

Attachments:

1. MC/PG 105-25 - Washington Suburban Sanitary Commission – Membership, Transparency, Billing and Planning (WSSC Transparency and Reform Act of 2025)
2. Summary of Bill with Recommendations
3. Analysis on the revenue impact related to unlimited billing adjustments
4. PRAG opinion on the inclusion of Ad Valorem Tax
5. Task order for the PRAG engagement
6. Organization Assessment Referral to Inspector General

Bill No.: _____
Requested: _____
Committee: _____

Drafted by: Bond
Typed by: Julia
Stored – 10/29/24
Proofread by _____
Checked by _____

By: **Montgomery County Delegation and Prince George’s County Delegation**
Requested by: Delegates Korman, Wilkins, and Barnes

A BILL ENTITLED

1 AN ACT concerning

2 **Washington Suburban Sanitary Commission – Membership, Transparency,**
3 **Billing, and Planning**
4 **(WSSC Transparency and Reform Act of 2025)**

5 **MC/PG 105–25**

6 FOR the purpose of requiring one of the commissioners from Montgomery County on the
7 Washington Suburban Sanitary Commission to be the Director of the Montgomery
8 County Department of Environmental Protection or the Director’s designee;
9 requiring the Commission to develop certain long–range planning scenarios on a
10 periodic basis; requiring the Commission to include certain information related to
11 the Commission on the Commission’s searchable website; prohibiting the
12 Commission from limiting how frequently certain customers may receive a certain
13 billing adjustment; altering the authorized billing frequency for certain charges;
14 requiring the Commission to appoint a representative to a certain coordinating
15 committee; requiring the Office of Program Evaluation and Government
16 Accountability in the Department of Legislative Services to conduct a certain review
17 of the efficiency and sustainability of the Commission’s operations; and generally
18 relating to the Washington Suburban Sanitary Commission.

19 BY repealing and reenacting, with amendments,
20 Article – Public Utilities

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 Section 17–102, 17–107, 17–401, and 25–504(a) and (b)
2 Annotated Code of Maryland
3 (2020 Replacement Volume and 2024 Supplement)

4 BY adding to
5 Article – Public Utilities
6 Section 17–202.1 and 28–102
7 Annotated Code of Maryland
8 (2020 Replacement Volume and 2024 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
10 That the Laws of Maryland read as follows:

11 **Article – Public Utilities**

12 17–102.

13 (a) The Commission consists of:

14 (1) three commissioners from Prince George’s County, appointed by the
15 County Executive subject to the confirmation of the County Council; and

16 (2) three commissioners from Montgomery County, **OF WHOM:**

17 **(I) TWO ARE** appointed by the County Executive subject to the
18 confirmation of the County Council; **AND**

19 **(II) ONE IS THE DIRECTOR OF THE MONTGOMERY COUNTY**
20 **DEPARTMENT OF ENVIRONMENTAL PROTECTION, OR THE DIRECTOR’S DESIGNEE.**

21 (b) (1) Each commissioner from Prince George’s County shall be a resident of
22 the sanitary district.

23 (2) (i) Each commissioner from Montgomery County shall be a
24 registered voter of Montgomery County.

25 (ii) Each commissioner from Prince George’s County shall be a
26 registered voter of Prince George’s County.

1 (c) (1) [An] **EXCEPT AS PROVIDED IN SUBSECTION (A)(2)(II) OF THIS**
2 **SECTION, AN** individual may not be appointed or continue in office as a commissioner if
3 the individual holds any other position of profit or trust under the Constitution or laws of
4 the State or any political subdivision of the State.

5 (2) Not more than two commissioners from Montgomery County may be of
6 the same political party.

7 (d) (1) The term of a commissioner is 4 years and begins on June 1 of the year
8 of appointment.

9 (2) The terms of commissioners are staggered as required by the terms
10 provided for commissioners on July 1, 1982.

11 (3) At the end of a term, a commissioner continues to serve until a successor
12 is appointed and takes the oath of office.

13 (4) A commissioner who is appointed after a term has begun serves only for
14 the rest of the term and until a successor is appointed and takes the oath of office.

15 (5) A vacancy on the Commission does not impair the right of the
16 remaining commissioners to exercise all the powers of the Commission.

17 17-107.

18 (a) (1) [The] **EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION,**
19 **THE** members of the Commission are entitled to the following annual salaries:

20 (i) chair \$13,500;

21 (ii) vice chair..... \$13,000; and

22 (iii) commissioners \$13,000.

23 (2) The salary shall be paid every 2 weeks.

24 (b) While in office, commissioners may participate in any Commission program of

1 group health, life, and disability insurance to the same extent and under the same terms
2 as Commission staff.

3 (c) The Commission may employ a staff in accordance with the Commission's
4 budget.

5 (D) A MEMBER OF THE COMMISSION WHO ALSO SERVES AS THE DIRECTOR
6 OF THE MONTGOMERY COUNTY DEPARTMENT OF ENVIRONMENTAL PROTECTION
7 MAY NOT RECEIVE COMPENSATION FOR DUTIES PERFORMED AS A MEMBER OF THE
8 COMMISSION.

9 17-202.1.

10 (A) FOR FISCAL YEAR 2026 AND EVERY 5 FISCAL YEARS THEREAFTER, THE
11 COMMISSION SHALL DEVELOP LONG-RANGE PLANNING SCENARIOS FOR ITS
12 OPERATING AND CAPITAL BUDGETS AND DEBT SERVICE.

13 (B) THE SCENARIOS SHALL INCLUDE:

14 (1) PROJECTIONS THAT DO NOT INCLUDE THE AD VALOREM TAX
15 AUTHORIZED UNDER § 22-112 OF THIS ARTICLE;

16 (2) PROJECTIONS THAT INCLUDE A RANGE OF AD VALOREM TAXES;
17 AND

18 (3) SUBJECT TO SUBSECTION (C)(2) OF THIS SECTION, STRESS
19 TESTING THE IMPACT OF A WIDE RANGE OF ECONOMIC CONDITIONS THAT MAY
20 AFFECT THE COMMISSION AND ITS FINANCIAL SOLVENCY, INCLUDING CHANGES IN
21 EMPLOYMENT RATES, INTEREST RATES, AND WATER USAGE.

22 (C) (1) THE COMMISSION MAY CONSULT WITH INDEPENDENT EXPERTS
23 IN DEVELOPING LONG-RANGE PLANNING SCENARIOS UNDER THIS SECTION.

24 (2) STRESS TESTING DONE UNDER SUBSECTION (B)(3) OF THIS
25 SECTION SHALL BE BASED ON INDUSTRY STANDARDS.

26 17-401.

1 (a) (1) In this section the following words have the meanings indicated.

2 (2) (i) "Payee" means a person that receives from the Commission an
3 aggregate payment of \$25,000 in a single fiscal year.

4 (ii) "Payee" does not include:

5 1. a Commission employee with respect to the employee's
6 compensation; or

7 2. a Commission retiree with respect to the retiree's
8 retirement allowance.

9 (3) "Searchable website" means a website created in accordance with this
10 section that displays and searches payment data of the Commission.

11 (b) The Commission shall:

12 (1) publish annually in at least one newspaper in Montgomery County and
13 one newspaper in Prince George's County a copy of the current financial statement of the
14 Commission;

15 (2) employ a certified public accountant licensed to practice in the State to
16 audit the books and accounts of the Commission;

17 (3) keep available for public inspection during business hours at its
18 principal office the annual audit and current financial statement; and

19 (4) file annually with the county executives and county councils of
20 Montgomery County and Prince George's County, and the Montgomery County and Prince
21 George's County Senate and House delegations to the Maryland General Assembly a
22 certified copy of the annual audit and current financial statement.

23 (c) On or before July 1, 2020, the Commission shall develop and operate a single
24 searchable website accessible to the public at no cost through the Internet.

25 (d) The searchable website shall contain Commission payment data including:

- 1 (1) the name of each payee receiving a payment;
- 2 (2) the location of the payee by postal zip code; and
- 3 (3) the amount of the payment.

4 (e) The searchable website shall allow the user to:

- 5 (1) search data for fiscal year 2019 and each fiscal year thereafter; and
- 6 (2) search by the following data fields:
 - 7 (i) a payee receiving a payment; and
 - 8 (ii) the zip code of a payee receiving a payment.

9 **(F) THE SEARCHABLE WEBSITE SHALL CONTAIN ALL BOND RATING**
10 **REPORTS ISSUED FOR THE COMMISSION FROM ONE OF THE MAJOR CREDIT RATING**
11 **AGENCIES, INCLUDING:**

12 **(1) A COPY OF ANY AUDITS COMPLETED IN RELATION TO A BOND**
13 **RATING REPORT; AND**

14 **(2) A COPY OF ANY FINANCIAL STATEMENTS PROVIDED IN RELATION**
15 **TO A BOND RATING REPORT.**

16 **(G) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
17 **SEARCHABLE WEBSITE SHALL CONTAIN DATA RELATED TO THE REFUND HEARING**
18 **BOARD OF THE COMMISSION AND THE DISPUTE RESOLUTION BOARD OF THE**
19 **COMMISSION, INCLUDING:**

20 **(I) THE NUMBER OF CASES FILED;**

21 **(II) THE NUMBER OF CASES CLOSED;**

22 **(III) THE NUMBER OF CASES GRANTED;**

23 **(IV) THE NUMBER OF CASES DENIED;**

1 (V) THE REFUND AMOUNT REQUESTED IN EACH CASE; AND

2 (VI) THE REFUND AMOUNT GRANTED IN EACH CASE.

3 (2) THE DATA PROVIDED UNDER PARAGRAPH (1) OF THIS
4 SUBSECTION MAY NOT CONTAIN ANY PERSONALLY IDENTIFIABLE INFORMATION.

5 (H) THE SEARCHABLE WEBSITE SHALL INCLUDE A COPY OF ANY STRESS
6 TESTING COMPLETED FOR ANY LONG-RANGE PLANNING SCENARIOS DEVELOPED IN
7 ACCORDANCE WITH § 17-202.1 OF THIS TITLE.

8 [(f)] (I) This section may not be construed to require the disclosure of
9 information that is required to be kept confidential under federal, State, or local law.

10 [(g)] (J) (1) Subject to paragraph (2) of this subsection, the county council or
11 county executive of Montgomery County or Prince George’s County may, in person or by a
12 duly authorized agent, audit and examine the books and records of the Commission.

13 (2) The Commission may not be required to pay the cost of the audit or
14 examination under paragraph (1) of this subsection.

15 25-504.

16 (a) The Commission:

17 (1) may provide for the billing and collection of the water and sewer usage
18 charges on an estimated basis for periods of 6 months or less, based on the historical daily
19 average consumption calculated from actual previous usage;

20 (2) shall read the meter at least once every 6 months; and

21 (3) (i) shall base the final bill for the 6-month period on the actual
22 consumption adjusted by previous estimates, if the meter had not been read because it was
23 inaccessible;

24 (ii) shall base the final bill for the 6-month period on the historical
25 daily average consumption, calculated from actual previous usage, if a final reading cannot

1 be made because:

- 2 1. the meter malfunctioned;
- 3 2. the meter had been taken out of service for repairs,
- 4 maintenance, or water system relining purposes; or
- 5 3. there was theft of service;

6 (iii) may modify the historical daily average consumption calculation
7 based on appropriate evidence submitted by the owner; [and]

8 (iv) **MAY NOT LIMIT HOW FREQUENTLY A CUSTOMER MAY**
9 **RECEIVE AN ADJUSTMENT UNDER § 3.20.040(A) OR (B) OF THE WASHINGTON**
10 **SUBURBAN SANITARY COMMISSION CODE OF REGULATIONS; AND**

11 (v) may not base a final bill on estimated usage for two consecutive
12 6-month periods.

13 (b) (1) (I) The Commission shall bill for the amount of water and sewer
14 usage charges to each property served monthly, every other month, **OR** four times a year,
15 [or twice a year,] as the Commission determines.

16 (II) **IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE**
17 **COMMISSION SHALL BILL ON A MONTHLY BASIS.**

18 (2) On receipt each bill is payable to the Commission.

19 **28-102.**

20 **THE COMMISSION SHALL APPOINT A REPRESENTATIVE TO SERVE ON THE**
21 **COORDINATING COMMITTEE ESTABLISHED UNDER PART IV OF THE 1984 AVENEL**
22 **FARM DEVELOPMENT PLAN MASTER AGREEMENT SIGNED BY THE COMMISSION.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That:

24 (a) The Washington Suburban Sanitary Commission shall study the feasibility of
25 using differential rates among different customer classes for the Commission's service rates

1 and charges, including studying the revenue possibilities of and economic impact on the
2 different customer classes.

3 (b) On or before October 1, 2026, the Commission shall report its findings and
4 recommendations, including any recommended statutory changes, to the members of the
5 Montgomery County and Prince George’s County delegations to the General Assembly, in
6 accordance with § 2–1257 of the State Government Article.

7 SECTION 3. AND BE IT FURTHER ENACTED, That:

8 (a) The Office of Program Evaluation and Government Accountability in the
9 Department of Legislative Services shall conduct a review of the efficiency and
10 sustainability of the operations of the Washington Suburban Sanitary Commission.

11 (b) The review conducted under subsection (a) of this section shall include:

12 (1) a review of the statutory provisions related to the Commission,
13 including the Commission’s regulations, policies, and procedures;

14 (2) a review of the Commission’s budgetary process, including the annual
15 setting of rates through the relevant county councils;

16 (3) a review of the Commission’s process for entering into consent decrees;

17 (4) a review of the subject matter expertise of appointed commissioners;

18 (5) benchmarking with other systems across a range of operating cost
19 metrics related to the efficiency and sustainability of the Commission;

20 (6) a review of the effectiveness of the Commission’s capital program and
21 its ability to maintain water and sewer distribution pipelines and processing plants that
22 meet asset management standards;

23 (7) a study on the Commission’s use of its police force, including:

24 (i) a comparison of the size and scope of the Commission’s police
25 force with the police force of other utilities; and

1 (ii) whether there are more efficient approaches to water utility
2 security and policing;

3 (8) an analysis on the impact of the Commission not being a government
4 entity in the context of access to government programs that provide customer water
5 assistance or other available funding;

6 (9) a review of the role the Public Service Commission plays in oversight of
7 the Commission, including in its review of the reasonableness of any rate, charge, or
8 assessment done in accordance with § 25–105 of the Public Utilities Article; and

9 (10) an analysis of whether the Office of the Inspector General of the
10 Commission is effective in achieving the purposes of the Office, including:

11 (i) whether the Office is sufficiently independent of the Commission
12 and management within the Commission; and

13 (ii) whether the mandate of the Office should include additional
14 reviews and reports that would help achieve the purposes of the Office, including reports
15 on the effectiveness of internal controls over finance, operations, and compliance activities.

16 (c) On or before October 1, 2027, the Office of Program Evaluation and
17 Government Accountability shall report its findings and recommendations to the members
18 of the Montgomery County and Prince George’s County delegations to the General
19 Assembly, in accordance with § 2–1257 of the State Government Article.

20 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2025. Section 2 of this Act shall remain effective for a period of 1 year and 1
22 month and, at the end of October 31, 2026, Section 2 of this Act, with no further action
23 required by the General Assembly, shall be abrogated and of no further force and effect.
24 Section 3 of this Act shall remain effective for a period of 2 years and 1 month and, at the
25 end of October 31, 2027, Section 3 of this Act, with no further action required by the General
26 Assembly, shall be abrogated and of no further force and effect.

Summary of Bill with Recommendations

WSSC Water Position (Section-By-Section)

I. Director of Montgomery County Department of Environmental Protection or Director's Designee 17-102(a)(2)(II) and (c)(1) and 17-107(d)

WSSC Water Position (NEUTRAL): This section would require a Commission Member, representing the Montgomery County Department of Environmental Protection or the Director's Designee, to be appointed as a member of the WSSC Commission.

II. Different Rates (Section 28-102)

WSSC Water Comments (SUPPORT): WSSC Water supports striking this section. Currently, WSSC Water is advancing legislation for the discrete purpose of preventing residential customers, with meters sized the same as commercial customers, as required by the fire code, from having to pay the same fixed fee. Currently, by not having differential rates, residential customers who have a meter size that is equivalent to a commercial meter are charged the same fixed fee. This amendment will provide relief to this customer segment.

III. Financial Documents (Audited Financial Statements) and Data Relating to the Refund Hearing Board and the Dispute Resolution Board (Section 17-401); Information Available on Commission Website (Section 17-401 F-H)

WSSC Water's Position (SUPPORT WITH AMENDMENT): WSSC Water can support this amendment; however, it should reflect the actions of WSSC Water that are a current practice (see below). This is currently being executed, relative to our audited financial statements, and data regarding the Refund Hearing Board and Dispute Resolution Board can be added. Thus, this is in addition to v. a completely new requirement which WSSC Water supports. The amendment would need to be re-framed to capture current practices; and the additional information must be posted in a manner that does not infringe on the privacy of customers.

Our financial statement is audited annually by an external auditing firm, certified by the state of Maryland, and contracted by the Commissioners' Office. The Commission currently posts its audited financial statements on our website, in addition to reports of all audits performed by the external auditor, and all internally developed financial reports. A limited number of hard copies of the report are made available. Upon request, the requestor is sent a soft copy of the financial statement or directed to the website.

To promote additional transparency, the results of each Commission audit is filed annually with the county executives and county councils of Montgomery County and Prince George's County, the Montgomery County and Prince George's County Senate and House delegations to the Maryland General

Assembly, along with current financial statements. Additionally, these reports and financial statements are published on WSSC Water's website for public viewing.

In addition, bond rating agencies do not transmit a **bond rating report for the General Obligation bonds. These agencies issue a Press Release with the results of their review which can be posted.** WSSC Water has received a bond rating report for the Green Bond. This review was executed pursuant to a new rating/assessment process offered by the rating agency. This report can now be published on the website. All audit reports and financial statements related to bond issuance are currently published. Information regarding customer refunds and disputes are disclosable pursuant to the Maryland Public Information Act, with the exception of information concerning a customers' account because this would be disclosing a debt of a person which is confidential and protected financial information.

IV. Long-Range Planning Scenarios (Section 17-202.1)

WSSC Position (SUPPORT WITH AMENDMENT): WSSC Water Agrees with the intent; however, we request that this section be amended, due to the current long-range planning activities of WSSC Water. WSSC Water has engaged a Financial Advisor ("FA") to perform an independent review of its current financial plan and financial management policies for the purpose of providing recommendations for enhancements. Additionally, the FA will assist WSSC Water in updating its planning model and drafting a comprehensive financial plan. This plan will be published along with updated policies. This plan also incorporates stress testing. WSSC Water supports establishing a timeline for submitting this information to the General Assembly, the County Executives and the Council as well as making this information public on our website.

V. Monthly Billing (Repeals the ability to bill a customer twice a year) (Section 25-504) Monthly Billing (Expresses the intent/desire for WSSC Water to bill customers monthly)

WSSC Water Position on Monthly Billing (SUPPORT WITH AMENDMENT): WSSC Water supports the general intent of the monthly billing section of the legislation, relative to customers receiving monthly bills. We want to ensure that it is clear in the legislation, by amendment, that a specific technology is not being advanced and/or not supported.

VI. Office of Program Evaluation and Government Accountability (Section 28-102)

WSSC Water Position (SUPPORT WITH AMENDMENTS): The General Assembly established an independent Office of the Inspector General in 2018 which was sponsored by current General Assembly Senator Kramer, and supported by WSSC Water. This office is outside of operations and management, and was established to exercise oversight and ensure accountabilities. To ensure independence, the Office of the Inspector General reports directly to the six-member body of Commissioners and its Audit Committee which includes two citizen members. Additionally, internal auditors have no authority over, or responsibility for, any of the activities/operations audited, and shall not perform accounting or other operational functions outside their team that might require subsequent audit.

WSSC Water's General Manager will refer an independent review, including these measures, to the independent Office of the Inspector General for review. The report of the Office of the Inspector General ("OIG") will be submitted to the Montgomery County and Prince George's County Delegations, the County Executives and the County Councils. The report of the OIG would be transmitted to the

Department of Legislative Services. The Department of Legislative Services would then be charged with auditing the report of the OIG and reporting on its findings to the General Assembly.

VII. Title of Legislation – Washington Suburban Sanitary Commission-Membership, Transparency, Billing and Planning (WSSC Transparency and Reform Act of 2025)

Proposed Amendment (DOES NOT SUPPORT) Recommend Revising the Title to Align with the Legislation): Washington Suburban Sanitary Commission – Commissioner Membership, Billing, Informational and Planning Act of 2025 (WSSC Billing, Informational and Planning Act of 2025)

An alternative for “Transparency” could be “Visibility.”

VIII. Long-Range Planning Scenarios (Section 17-202.1)

WSSC Position (DOES NOT SUPPORT): WSSC Water does not support the ad valorem tax requirement in planning. This should be **struck** from the legislation as it has been determined to not be consistent with best practices, inappropriate and inconsistent (supporting information should be shared).

IX. Billing Adjustments (Section 25-504)

WSSC Water Position on Courtesy Billing Adjustments (DOES NOT SUPPORT): This amendment would limit how frequently a customer can receive an adjustment, pursuant to the Washington Suburban Sanitary Commission Code of Regulations. For clarification, pursuant to our current code of regulations, customers are eligible for an adjustment when their average daily consumption is at least three times the comparable average daily consumption, as a courtesy adjustment. This adjustment is not applicable to customers who dispute billing matters and provide supporting data and information. It is important to distinguish that there is no limitation on a customer providing supportable information and data regarding usage and billing. This courtesy limitation is exclusively related to customers that do not have supporting data and information and meet the threshold usage established by our regulations.

Impact: The effect of this provision is the preemption of WSSC Water’s regulation that limits the ability of a residential customer (3.20.040(a)), or a commercial customer (3.20.040(b)) to receive a high bill adjustment every three years, as a matter of courtesy. This measure would increase debt, the financial outlook of WSSC Water, and remove customer responsibility regarding water issues that are not on the utility side. Again, this regulation does not apply to customer matters that can be disputed with supporting information and/or findings by WSSC Water regarding usage that would warrant an adjustment.

At present, WSSC Water does not have staff resources to read meters for monthly billing.

X. Avenel Coordinating Committee (Section 28-102)

WSSC Water Position (DOES NOT SUPPORT): WSSC Water believes that this amendment is the result of actions the utility took as part of efforts to evaluate the uses and disposition of property in its portfolio and the subsequent decision to close an existing horse barn in the Avenel Community, in Potomac, Maryland, on property that WSSC Water owns, due to extreme safety issues identified that could affect both humans and horses. WSSC Water, after assessing the safety conditions of the barn, provided that it could not use ratepayer funds to invest in the Avenel Horse Barn which was a facility that

had been promoted as a privately operated enterprise. WSSC Water temporarily made the facility safe, in the interim.

As drafted, the proposed amendment would require WSSC Water to appoint a representative to serve on the Coordinating Committee established pursuant to Part IV of the 1984 Avenel Farm Development Plan Master Agreement in Montgomery County, as signed by the Commission. WSSC Water has led and participated in a series of meetings, with community members as well as elected officials, regarding the Avenel property and remains committed to continuing dialogue with parties to the agreement and the community, having commenced these meetings and other coordination and responsive actions, since 2023 (see Attachments).

Impact: The 1984 Master Agreement, procedurally, positions WSSC Water for litigation through the Coordinating Committee. This body was to be convened primarily for the purpose of resolving disputes related to the Advanced Wastewater Treatment Plant Project under consideration for the site, at that time, initiating arbitration and then litigation. **The proposed legislative amendment would accelerate arbitration and litigation, inadvertently and prematurely, contravening the legal review that is currently in process by WSSC Water.** Again, WSSC Water is committed to collaborating with the parties and the community in reaching a balanced solution that aligns with the interests of community members as well as ratepayers in both counties. We will continue our meetings and engagements with the parties to the agreement, the community and others.

The General Assembly would, in effect, be intervening in a legal matter, by requiring participation on this body, when, in effect, we are engaging, without triggering this provision which accelerates the legal process, prematurely. Further, the goal of the parties, at present, is for WSSC Water to make an investment in a facility which was to be maintained and operated by a third party, pursuant to the Management Agreement. This would affect all ratepayers and ratepayer funds cannot be utilized for this purpose (promoted private purpose). We have executed an RFI process, regarding this property, which has been determined to no longer be required for a utility purpose. This process was initiated to identify an independent source that can facilitate and invest in the advancement of the original interest of the community and the county for this site (equestrian, golf, other recreational purposes). Meetings are in progress, with the next meeting scheduled for January 29th.

High Bill Adjustment Estimates for MC/PG 105–25 Washington Suburban Sanitary Commission – Membership, Transparency, Billing, and Planning

Property owners are responsible for maintaining the property’s plumbing system, identifying and repairing all leaks to that system, and responsible for paying all billed water and sewer charges including water passing through the meter as a result of plumbing system leaks. WSSC Water recognizes the burden that high bills can cause customers and offers a High Bill Adjustment per <https://wssc.district.codes/Code/3.20>, without requiring proof of repair by licensed plumber or evidence of a repair, which enables customers to benefit in situations where WSSC Water has not identified a leak at the meter or meter malfunction and the customer was unable to determine the cause for increased consumption beyond the meter. This adjustment is limited due to the lenient standards, customer responsibility and fairness to all customers.

Prohibiting WSSC Water from limiting how frequently certain customers may receive a certain billing adjustment will reduce revenue and increase expenses. High Bill Adjustments will incur the greatest impact, should the adjustment continue to be offered. Calculation of the impact is difficult due to data limitations. The base data is adjustments processed. High Bill Letters sent are included in the table below for reference, with two months of projected data in FY22, as letters implemented August 2021:

Fiscal Year	High Bill Letters	High Bill Adjustments	Amount Canceled	Amount Rebilled	Adjustment Revenue Loss
FY22*	36,830	3,254	\$8,002,065.33	\$3,057,204.44	\$4,944,860.89
FY23	44,590	3,562	\$9,471,840.57	\$3,846,697.06	\$5,625,143.51
FY24	39,262	3,296	\$6,325,341.28	\$3,004,220.14	\$3,321,121.14
Total	120,682	10,112	\$23,799,247.18	\$9,908,121.64	\$13,891,125.54
Average	40,227	3,371	\$7,933,082.39	\$3,302,707.21	\$4,630,375.18

Assuming accounts bill quarterly, setting aside rate increases and without differentiating CAP/non-CAP customers, the extreme case multiplies the three-year totals by 4, which accounts for the removal of 1/3 year limitation and quarterly billing.

Description	No Change	20% Increase	50% increase	3 Yr Accounts @ 1x per year	3 Yr Accounts @ 4x per year
Count of Adjustments	3,371	4,045	5,056	10,112	40,448
Increased Adjustments	0	674	1,685	6,741	37,077
Adjustment Cost	\$4,630,375.18	\$5,556,450.22	\$6,945,562.77	\$13,891,125.54	\$55,564,502.16
Increased Cost	\$0.00	\$926,075.04	\$2,315,187.59	\$9,260,750.36	\$50,934,126.98
Estimated Staffing Add	0	2 added staff ~\$210,000	4 added staff ~\$420,000	21 added staff ~\$2,205,000	112 added staff ~\$11,760,000
Total Added Cost	\$0.00	\$1,136,075.04	\$2,735,187.59	\$11,465,750.36	\$62,694,126.98

PUBLIC RESOURCES ADVISORY GROUP

MEMORANDUM TO: Munetsi Timothy Musara, CPA

FROM: Christine Fay, Senior Managing Director
Thomas Huestis, Senior Managing Director
Public Resources Advisory Group, Inc. (“PRAG”)

SUBJECT: Inclusion of Ad Valorem Tax in Financial Modeling

DATE: January 23, 2025

Ad valorem taxes of Montgomery and Prince George’s County, pursuant to the Public Utilities Article of the Annotated Code of Maryland, provide a backup source of revenue to pay debt service on the Washington Suburban Sanitary District (“District”) outstanding debt to the extent there is a deficiency of fees, charges, rates and assessments from the District. Given that the levy of the ad valorem taxes is only triggered in the event of deficient District revenues, the rating agencies and bond investors have generally viewed the tax as a safety net in the event of a financial hardship.

If WSSC Water includes the use of ad valorem taxes in its long-term planning model and forward-looking projections that would suggest that revenue of the District may otherwise not be sufficient to fully repay debt service costs. This would risk the rating agencies and investors questioning the District’s financial position and could result in negative rating actions and impact the investor base for purchasing the District’s bonds.

For these reasons, Public Resources Advisory Group, currently serving as municipal advisor to WSSC Water, strongly advises against including ad valorem taxes in the District’s long-term planning model and projections.

Further, certain rating agencies have also previously raised concerns about the process and timely receipt of such ad valorem taxes in the event of a deficiency. In a recent Fitch rating report dated January 23, 2025, Fitch noted “ad valorem taxes are not currently levied, and the authority to do so is subject to a process that, while serving to prevent default, limits the benefit of this additional resource at the current rating level.”

WASHINGTON SUBURBAN SANITARY COMMISSION

BOA CONTRACT NO. 29311 – Financial Advisory Services

TASK ORDER NO. 9

TO: Financial Advisory Consultants

IN ACCORDANCE WITH THE ABOVE-REFERENCED CONTRACT

The following is ordered:

1) **Scope of work:**

- Serve as an independent third-party to evaluate WSSC Water’s current long-term financial planning model and assumptions, including the completeness and appropriateness of the stress test scenarios;
- Develop and document in a comprehensive narrative WSSC Water’s long-term financial plan, including financial management objectives, goals and performance targets;
- Document current and future financial risk and mitigation strategies;
- Advise and assist WSSC Water in developing a formalized long-term financial management strategy to meet policy objectives, balancing affordability and investment, as well as alternative methods of financing capital improvements and capital assets;
- Review, update, and enhance the Commission’s financial metrics and financial management policies, and;
- Recommend the introduction of and assist in the production of new metrics and policies based on industry guidance and best practices.

- Preparation of deliverables to include comprehensive financial plan outline and plan narrative, updated financial model, updated management policies, and presentations to discuss findings and recommendations.
- Present findings, recommendations and financial plan overview to executive leadership and Commissioners.

2) **Compensation shall be:**

The Contractor shall provide fixed price for services (sub tasks) performed under this task order.

The fixed fee pricing shall be all inclusive (labor, indirect, tools, etc.) and be consistent with Contract Exhibit E. Use the attached Pricing Sheet for the Price portion of this proposal.

- a) The Contractor must also provide a written technical solution, not to exceed 10 pages including Cover Letter and Resumes, encompassing how they will staff this Task Order and perform the required services.

3) **Schedule:**

- a) The period of performance of this task order shall be date of award through the end of the task which be on or about April 30, 2025 with interim milestones to be established during the kickoff meeting. The term of this task order shall commence upon Notice to Proceed

Accepted by (Consultant):

Approved by (WSSC):

_____ (Seal)

Printed Name: _____

Printed Name: _____

Title _____

Title _____

Date _____

Date _____

From: [Musara, Munetsi T](#)
To: [Mason, Joe](#); [Diercksen, Jennifer](#); [Eric Brown](#); [Geoffrey Stewart](#); [Thomas Huestis](#); [Christine Fay](#)
Subject: RE: BOA 29311 - Financial Advisory Services - Task Order #9
Date: Friday, December 27, 2024 10:55:00 AM
Attachments: [image001.png](#)
[FA Task Order 9 BOA 29311.pdf](#)

Good Morning All,

We are reaching out to you this morning with the details on Task Order #9 for BOA 29311. I have attached the solicitation for Task Order #9 for financial advisory services related to long-term financial planning. We are looking for the financial advisor to assist in developing WSSC's comprehensive long-term financial plan and a long-term financial management strategy.

We ask that you acknowledge receipt of this email notification and that you confirm your intent to submit a proposal for this task. We are looking to receive the proposals for this task no later than **Tuesday, January 7th, 2025 by 5:00PM.** The anticipated start date is on or about Monday, January 13th, 2025. Please prepare your technical response and pricing accordingly.

We look forward to working with your team(s)!



WSSC Water is the proud provider of safe, seamless and satisfying water services, making the essential possible every day.

MUNETSI TIMOTHY MUSARA, CPA

Chief Financial Officer
Finance Department

301.206.8565 (O)
301.206.7073 (F)
munetsi.musara@wsscwater.com

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14501 Sweitzer Lane
Laurel, Maryland 20707

wsscwater.com



WASHINGTON SUBURBAN SANITARY COMMISSION

Project Schedule (as of: January 22, 2025)

January 2025						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February 2025						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

March 2025						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

April 2025						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Week of	√	Task	Party
1. Week of Jan. 13	√ √	- Kickoff Call (Thur. 1/16 at 9:30AM) - Prepare Initial Information Requests	- All - PRAG
2. Week of Jan. 20	√	- Dr. Martin Luther King Jr. Day (Mon. 1/20) - Working Group Call 2 (Wed. 1/22 at 11:00AM) - Start Review WSSC Long-Term Financing Model	- All - All - PRAG
3. Week of Jan. 27		- Document WSSC's Management Team Objectives, Goals and Performance Targets - Discussions with Industry Representatives - Review Peer Utility Long Term Financial Planning/Policies - Identify WSSC Financial Risks	- PRAG - PRAG - PRAG - PRAG
4. Week of Feb. 3		- Working Group Call 3 (Wed. 2/5 at 11:00AM) - Identify Best Practices <ul style="list-style-type: none"> ○ Review Rating Agency Methodologies ○ Peer Utility Practices ○ Debt and Financial Management Policies - Prepare Outline for Comprehensive Financial Plan Report and Identify Topics for Further Investigation	- All - PRAG - PRAG
5. Week of Feb. 10		- Working Group Call 4 (Wed. 2/12 at 11:00AM) - Review of WSSC Practices and Discussions with Subject Matter Experts - Long-Term Planning Model	- All - PRAG
6. Week of Feb. 17		- Presidents' Day (Mon. 2/17) - WSSC Water Commission Meeting (2/19 at 10:00AM) - Review of WSSC Practices and Discussions with Subject Matter Experts - Water Usage/Rate Setting Process/Revenue	- All - WSSC - PRAG
7. Week of Feb. 24		- Working Group Call 5 (Wed. 2/26 at 11:00AM) - Review of WSSC Practices and Discussions with Subject Matter Experts - Cost of Service Study/Operating Expenses/Workforce	- All - PRAG
8. Week of Mar. 3		- Review of WSSC Practices and Discussions with Subject Matter Experts - Capital Planning Process	- PRAG
9. Week of Mar. 10		- Working Group Call 6 (Wed. 3/12 at 11:00AM) - Review of WSSC Practices and Discussions with Subject Matter Experts - Stress Testing/Affordability - Review of WSSC Practices and Discussions with Subject Matter Experts - Transparency	- All - PRAG - PRAG
10. Week of Mar. 17		- WSSC Water Commission Meeting (3/19 at 10:00AM)	- WSSC



Week of	√	Task	Party
		- Recommend Formalized Strategy and Policies Including Debt Metrics to Meet WSSC Objectives (Identify Stress Testing Parameters)	- PRAG
		- Recommend Risk Mitigation Strategies	- PRAG
11. Week of Mar. 24		- Maryland Day (Tue. 3/25)	- WSSC
		- <i>Working Group Call 7 (Wed. 3/26 at 11:00AM)</i>	- All
		- Deliver Updated Long-Term Financial Planning Model	- PRAG
12. Week of Mar. 31		- Presentation to Working Group of Initial Findings and Recommendations	- PRAG
13. Week of Apr. 7		- <i>Working Group Call 8 (Wed. 4/9 at 11:00AM)</i>	- All
		- Deliver First Draft of Comprehensive Financial Plan Report	- PRAG
14. Week of Apr. 14		- WSSC Water Commission Meeting (4/16 at 10:00AM)	- WSSC
		- <i>Working Group Call 9 (Wed. 4/16 TBD)</i>	- All
		- Delivery Second Draft of Report	- PRAG
		- Good Friday (Fri. 4/18)	- All
15. Week of Apr. 21		- <i>Working Group Call 10 (Wed. 4/23 at 11:00AM)</i>	- All
16. Week of Apr. 28		- <i>Working Group Call 11 (Wed. 4/30 at 11:00AM)</i>	- All
		- <u>Delivery Final Report and Presentation</u>	- PRAG

Legend

Italics = Working Group Calls

Bold = Holidays or WSSC Commission Meetings

Bold/Italic/Underline = Major Deliverable

From: "Powell, Kishia L" <Kishia.Powell@wsscwater.com>
Date: January 20, 2025 at 7:59:44 PM EST
To: "Rymer, Jon T" <Jon.Rymer@wsscwater.com>
Cc: "Foster, T.Eloise" <Eloise.Foster@wsscwater.com>, "Smith, Mark J" <Mark.Smith@wsscwater.com>, "Hickson, Nina R" <Nina.Hickson@wsscwater.com>
Subject: Independent Review - Governing Structure, Benchmarking and Operational Efficiency

Good evening Inspector General,

Thank you for taking a moment at last week's Commission meeting to provide guidance on referring a request for an independent review to your office. Given the last comprehensive audit was performed in 2016 and new issues have emerged, I believe it is time for an updated comprehensive study. Additionally, this is a proactive way of addressing questions that have been raised regarding the governance, sustainability and transparency of the Commission. I did discuss this request with Chair Foster this evening and have copied she and the Vice Chair for awareness.

I look forward to receiving next steps.

Kind regards,

Kishia L. Powell General
Manager/CEO WSSC Water
Sent from my iPad