

## **WSSC FY'23 Spending Control Limits Testimony- September 28, 2021**

**Gordie Brenne, Treasurer, Montgomery County Taxpayers League**

1. WSSC rates are double Fairfax for 6 person families who can least afford rate increases. See Fairfax website water rate analysis at this link:  
[https://www.fairfaxwater.org/sites/default/files/customer\\_service/Rate%20Comparison%20Chart%202021.pdf](https://www.fairfaxwater.org/sites/default/files/customer_service/Rate%20Comparison%20Chart%202021.pdf)
2. State Audit benchmarks comparing WSSC to Fairfax County others in the area (release to state delegation in 2 days) are likely to show WSSC spends recklessly while ignoring soaring lost water (18.2%) and wasted sewage treatment capacity problems (43%).
3. Interest rate and economic slow-down risks are high, making next year a bad time to increase spending, especially with operating cash liquidity issues (less than 90 days) and shrinking PAYGO for capital projects
4. Better controls are needed over operating and capital spending. The 2016 benchmark study showed management, engineering and technology staffing were bloated. They remain so. Growth costs, largely in Prince Georges are not covered by system development charges, resulting in a cross-county subsidy by MC rate payers. Same for system improvements. Capital spending is not tied to return on investment, and published rate impacts understate the value of preventative maintenance (e.g. 7 cent cited rate impact for large pipe and valve rehab should be negative since this reduces operating costs. Same for trunk sewer reconstruction).

For years now, the Taxpayers League has been warning you that there were significant rate increases coming. WSSC agrees is asking for 9% next year after first publishing forecasts of 8% increases for the next 5 years with its capital plans. The rating agencies don't care as long as rate payers have sufficient income on paper to absorb an ad valorem tax increase when the cash runs out. The OIG steadfastly refuses to audit management plans, calling this a management problem. Annually the T&E committee recommends above market rate increases, even though per capita demand for water is decreasing.

After a brief pause following the state intervention in 1999, every year you approved above market rate increases. WSSC has become yet another reason why businesses locate in Fairfax, but don't look to the Thrive 2050 plan for economic development answers.

Please ask the state for help. They created this governance mess and they can fix it by splitting WSSC into two organizations by county.