

Minutes – WSSC Sub-Committee Meeting
1/18/2012

Introductions

Explanation of Process and Expectations during 2012 Session

Withdrawn – Senator Benson’s MC/PG101-12. Motion by Delegate Holmes, Second by Delegate Gaines, adopted by unanimous consent.

Montgomery County will hear first the Bi-County legislation this year. We are moving on bills introduced by our members first, but must await the five bi-county delegation bills from the Montgomery County Delegation.

Public hearings will happen every two weeks where we will hear witnesses, take testimony. First full public hearing was in December in the County. For the Legislative Session, the Chair strongly advises that sponsors meet with the stakeholders prior to the public hearing to work out issues and concerns.

Hearing: MC/PG 107-12

- Senator Peters, first witness called.
 - Sponsor of bill
 - Meeting tomorrow with WSSC on bill. Just received their testimony.
 - Receive property tax bill with “front foot fee.” This would clarify what it is, as well as how long the fee will remain on the tax bill. Helps with the sale of the house if your fee is close to done or completely done.
 - Rates have been climbing since FY07. This bill would cap that increase at 5% per year.
 - If you pay off your front foot fee early, you would get a 3% discount, which is common practice.
 - Bill’s purpose is to educate consumers on fees and rate increases.
- Question: Delegate Gaines. WSSC doesn’t do front foot fee any longer. Does this pertain to builders/developers that pass the fee along?
 - Senator Peters: going to introduce bill to audit developers to see how they are handling the front foot fee. That will answer her question.
- Question: Delegate Holmes. Montgomery County has different language regarding the front foot fee than Prince George’s County? Yes. Montgomery County already has language on property tax bills showing the remaining balance of the front foot fee.
- Chair: bill will have tremendous fiscal impact, with large revenue losses. WSSC has AAA bond rating since 2001, and this bill could jeopardize that rating.
 - WSSC maintains a fund of \$100 million to hold AAA bond rating, which could be at risk if this bill is passed. Going to reconcile data and see if a compromise can be worked out.
- Chair: do other utilities have a cap on rate hikes?
 - Senator Peters: will have to look into it.

- Kirk Wineland and Tom Traber, WSSC Government Affairs Director and CFO
 - WSSC has no opposition to placing the front foot fee remaining period on the bill, so they will not be testifying on that.
 - You can check your amortization and balances online through the WSSC website.
 - WSSC is operating significantly under the federal consent decree, and must adhere to it.
 - Setting rate increase caps circumvents State and county authority for budget setting procedures.
 - Deferring problems instead of addressing them immediately will create larger problems later. The \$150 million lost annually from the cap would be detrimental to the long-term integrity of the aging infrastructure.
- Delegate Holmes: one of the suggestions is that reduction is paid for by SDC funds. Can you give an analysis of Systems Development Charge?
 - Funds infrastructure to accommodate new growth. Those requiring growth will pay for it, not current customers. Funds have been spent on two major projects at hand, as directed by legislation. Cannot redirect that money for the purpose of this bill.
- Lori Valentine and Todd Turner, County Executive and Council, respectively
 - No position from the County Executive, as long as there is no impact to rate payers.
 - County Council is reviewing the bill and considering a position. First General Assembly Committee meeting will be tomorrow, and the bills will be sub-committed out from there for review.

The WSSC Sub-Committee will meet every other Wednesday in Room 302. Information will be provided to members ahead of time. Adjourn on 9:25am.