



Howard County

Internal Memorandum

Subject: Multi-Year Agreement Legislation Testimony for Water Purchase
With Washington Suburban Sanitary Commission (WSSC)

Date: June 19, 2009

To: Lonnie Robbins
Chief Administrative Officer

From: James Irvin, Director
Department of Public Works

Background

Howard County purchases drinking water for its connected customers from Baltimore City and the Washington Suburban Sanitary Commission (WSSC). The County pays a rate established by each jurisdiction based on existing agreements, and the rates are subject to change on an annual basis.

For many years, the rate charged by Baltimore City has been substantially less than that of the WSSC (\$ 1304/MG vs. \$ 2171/MG for FY09). This resulted in minimal use of the WSSC supply, and it has been used mainly as an emergency source.

The WSSC approached the County in 2007 to determine if it would be possible for Howard County to increase its usage since the WSSC has a substantial reserve production capacity at its Patuxent Water Treatment Plant. The County agreed that it would be in its interest to more effectively utilize the WSSC supply, but only if a rate competitive with Baltimore City would be implemented. The WSSC agreed, and a six month trial was conducted from October 2008 through April of 2009, using the current Baltimore City rate of \$1304/MG. The trial was a success, and the County was able to use about 3.0 million gallons a day, as an average, for the period.

Multi-Year Agreement Issue

In order to extend the lower WSSC rate beyond the trial period, WSSC requested that a "Second Addendum" to the existing 1988 Agreement between the County and WSSC be negotiated and signed. As part of the "Second Addendum" WSSC agreed to continue matching the rate charged from Baltimore City, with increases as the City's rate increases, as long as the County agreed to a "Minimum Daily Water Purchase", calculated as a monthly average. As a result of the data collected throughout the trial period, the County feels that it can guarantee a minimum demand of 2.5 million gallons per day from WSSC.

The "Second Addendum" incorporates these provisions into the 1988 Agreement for a period of 5 years, at which point the Addendum can either be renewed or terminated. The Addendum provides for other circumstances for which a "Minimum Daily Water Purchase" can be adjusted depending on supply or other unusual circumstances.

Should you have any questions concerning the "Second Addendum", please contact Mr. Jeff Welty at extension 4974.

cc: Darla Herbold
Jennifer Sager