

HOUSE BILL 832

Unofficial Copy
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1998 Regular Session
8lr0167

By: **Prince George's County and Montgomery County Delegations**

Introduced and read first time: February 12, 1998

Assigned to: Commerce and Government Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 29, 1998

CHAPTER_____

1 AN ACT concerning

2 **WSSC - Task Force on Privatization**
3 **PG/MC 4-98**

4 FOR the purpose of establishing a Task Force on Privatization of the Washington
5 Suburban Sanitary Commission; specifying the membership, purposes, duties,
6 and responsibilities of the Task Force; requiring the Task Force to hire an
7 independent consultant for certain purposes; requiring the Task Force to
8 prepare and submit certain reports to certain persons by certain dates;
9 providing for the termination of this Act; and generally relating to the study of
10 privatization of the Washington Suburban Sanitary Commission.

11 BY adding to
12 Article 29 - Washington Suburban Sanitary District
13 Section 18-108
14 Annotated Code of Maryland
15 (1997 Replacement Volume and 1997 Supplement)

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

18 **Article 29 - Washington Suburban Sanitary District**

19 18-108.

20 (A) THERE IS A TASK FORCE ON PRIVATIZATION OF THE WASHINGTON
21 SUBURBAN SANITARY COMMISSION.

1 (B) THE TASK FORCE CONSISTS OF THE FOLLOWING ~~43~~ 15 MEMBERS:

2 (1) ONE MEMBER OF THE PRINCE GEORGE'S COUNTY DELEGATION OF
3 THE HOUSE OF DELEGATES OF MARYLAND, APPOINTED BY THE CHAIRMAN OF THAT
4 DELEGATION;

5 (2) ONE MEMBER OF THE MONTGOMERY COUNTY DELEGATION OF THE
6 HOUSE OF DELEGATES OF MARYLAND, APPOINTED BY THE CHAIRMAN OF THAT
7 DELEGATION;

8 (3) ONE MEMBER OF THE PRINCE GEORGE'S COUNTY DELEGATION OF
9 THE SENATE OF MARYLAND, APPOINTED BY THE CHAIRMAN OF THAT DELEGATION;

10 (4) ONE MEMBER OF THE MONTGOMERY COUNTY DELEGATION OF THE
11 SENATE OF MARYLAND, APPOINTED BY THE CHAIRMAN OF THAT DELEGATION;

12 (5) THE COUNTY EXECUTIVES OF PRINCE GEORGE'S COUNTY AND
13 MONTGOMERY COUNTY, OR THEIR RESPECTIVE DESIGNEES;

14 (6) ONE REPRESENTATIVE EACH OF THE COUNTY COUNCILS OF PRINCE
15 GEORGE'S COUNTY AND MONTGOMERY COUNTY, SELECTED BY THEIR RESPECTIVE
16 COUNCILS;

17 (7) THE GENERAL MANAGER OF THE WSSC, OR THE GENERAL
18 MANAGER'S DESIGNEE;

19 (8) ONE COMMISSIONER OF THE WSSC APPOINTED BY THE COUNTY
20 EXECUTIVE OF PRINCE GEORGE'S COUNTY;

21 (9) ONE COMMISSIONER OF THE WSSC APPOINTED BY THE COUNTY
22 EXECUTIVE OF MONTGOMERY COUNTY; AND

23 ~~(8)~~ (10) TWO MEMBERS AT LARGE SELECTED BY EACH OF THE COUNTY
24 EXECUTIVES AND CONFIRMED BY THE RESPECTIVE COUNTY COUNCILS.

25 (C) TO THE EXTENT PRACTICABLE, THE MEMBERS OF THE TASK FORCE SHALL
26 BE SELECTED TO REPRESENT THE GREATEST DIVERSITY OF INTERESTS IN THE
27 FUNCTIONS AND OPERATIONS OF THE WSSC, AND THE GREATEST EXPERTISE IN
28 PUBLIC UTILITY RATE REGULATION, ACCOUNTING, BUSINESS MANAGEMENT, AND
29 ANALYSIS OF OPERATIONAL SYSTEMS OF PUBLIC UTILITIES.

30 (D) THE COUNTY EXECUTIVES OF PRINCE GEORGE'S COUNTY AND
31 MONTGOMERY COUNTY SHALL EACH SELECT ONE OF THE JOINT CHAIRMEN OF THE
32 TASK FORCE.

33 (E) (1) THE TASK FORCE SHALL CONDUCT PUBLIC MEETINGS IN THE
34 SANITARY DISTRICT:

35 (I) AT LEAST ONCE EACH MONTH; AND

1 (II) AT OTHER TIMES AT THE CALL OF THE JOINT CHAIRMEN OF
2 THE TASK FORCE.

3 (2) THE TASK FORCE SHALL PUBLISH NOTICE OF EACH PUBLIC
4 MEETING ONCE EACH WEEK FOR 2 CONSECUTIVE WEEKS IMMEDIATELY PRECEDING
5 THE MEETING IN AT LEAST ONE NEWSPAPER OF GENERAL CIRCULATION IN THE
6 SANITARY DISTRICT AND IN AT LEAST ONE NEWSPAPER OF GENERAL CIRCULATION
7 IN PRINCE GEORGE'S COUNTY AND IN MONTGOMERY COUNTY. THE MEETING NOTICE
8 SHALL INCLUDE A SUMMARY OF THE PROPOSED AGENDA FOR THE MEETING.

9 (F) (1) THE TASK FORCE SHALL STUDY AND REPORT ON THE ADVANTAGES
10 AND DISADVANTAGES OF PRIVATIZING EACH OF THE FUNCTIONS OF THE WSSC,
11 FROM THE STANDPOINTS OF THE RESIDENTIAL AND COMMERCIAL RATEPAYERS,
12 THE COUNTY AND MUNICIPAL GOVERNMENTS, ~~AND~~ THE ENTITIES REGULATED BY
13 THE WSSC, AND THE TAXPAYERS IN THE SANITARY DISTRICT.

14 (2) THE STUDY SHALL INCLUDE:

15 (I) ANALYSES OF THE ORGANIZATION AND FACILITIES USED BY
16 THE WSSC TO PROVIDE WATER, SEWERAGE, AND ANCILLARY SERVICES;

17 (II) ANALYSES OF OPTIONS FOR PRIVATE SECTOR INVOLVEMENT
18 FOR PROVIDING WATER AND SEWER SERVICES IN THE SANITARY DISTRICT;

19 ~~(III)~~ (III) ASSESSMENT OF OPTIONS FOR INCREASING THE ROLE OF
20 THE PRIVATE SECTOR IN WSSC OPERATIONS AND FACILITIES OR PORTIONS OF
21 THOSE OPERATIONS AND FACILITIES, INCLUDING CONTRACTING OR FRANCHISING
22 CERTAIN SERVICES THROUGH PRIVATE ENTITIES, SELLING PORTIONS OF WSSC
23 OPERATIONS AND FACILITIES TO PRIVATE ENTITIES, AND SEPARATING WSSC
24 OPERATIONS AND FACILITIES IN PRINCE GEORGE'S AND MONTGOMERY COUNTIES;

25 (IV) ASSESSMENT OF OPTIONS FOR TURNING PORTIONS OF
26 OPERATIONS AND FACILITIES OVER TO PRIVATE ENTITIES, INCLUDING
27 CONTRACTING OUT AND FRANCHISING SERVICES TO INCREASE OPPORTUNITIES FOR
28 PRIVATE SECTOR INVOLVEMENT IN PROVIDING WATER AND SEWER SERVICES;

29 (V) ASSESSMENT OF OPTIONS FOR MAXIMIZING MINORITY
30 BUSINESS PARTICIPATION IN THE PRIVATIZATION OF WATER AND SEWER SERVICES;

31 ~~(VI)~~ (VI) DEVELOPMENT OF APPROPRIATE RATE MAKING AND
32 PRICING MECHANISMS FOR WATER, SEWERAGE, AND ANCILLARY SERVICES
33 PROVIDED IN THE SANITARY DISTRICT THROUGH PRIVATIZATION OPTIONS UNDER
34 SUBPARAGRAPH (II) OF THIS PARAGRAPH;

35 ~~(VII)~~ (VII) CONSIDERATIONS AND OPTIONS FOR GOVERNMENTAL
36 OVERSIGHT OF PRIVATIZED WATER, SEWERAGE, AND ANCILLARY SERVICES IN THE
37 SANITARY DISTRICT;

1 ~~(V)~~ (VIII) ASSESSMENT OF THE TRANSFER OF REGULATORY AND
2 ANCILLARY SERVICES CURRENTLY PROVIDED BY THE WSSC TO LOCAL
3 GOVERNMENTS INCLUDING AN ASSESSMENT OF:

4 1. THE ROLE AND FUNCTIONS OF THE WSSC, PRINCE
5 GEORGE'S COUNTY, AND MONTGOMERY COUNTY, TO IDENTIFY AREAS WHERE
6 OPERATIONAL FUNCTIONS AMONG THE ENTITIES ARE SIMILAR OR OVERLAP;

7 2. THE FEASIBILITY OF COMBINING IDENTIFIED FUNCTIONS
8 UNDER A SINGLE ENTITY FOR IMPROVED EFFICIENCY OR ECONOMIES OF SCALE;

9 3. THE FEASIBILITY OF RESTRUCTURING WSSC SERVICES
10 AND RESPONSIBILITIES BY COUNTY; AND

11 4. THE POSSIBLE RESTRUCTURING, DECENTRALIZATION, OR
12 REASSIGNMENT OF ANY FUNCTIONS PERFORMED BY ANY ENTITY THAT WOULD
13 RESULT IN IMPROVED EFFICIENCY AND SAVINGS;

14 ~~(VI)~~ (IX) ASSESSMENT OF DIRECT AND INDIRECT BENEFITS AND
15 COSTS OF PRIVATIZATION OPTIONS TO CLASSES OF RATEPAYERS AND OTHER
16 PERSONS, INCLUDING RESIDENTIAL CUSTOMERS, SMALL AND LARGE COMMERCIAL
17 AND INDUSTRIAL CUSTOMERS, LOCAL GOVERNMENTS AS CUSTOMERS AND SERVICE
18 PROVIDERS, AND TAXPAYERS; ~~AND~~

19 (X) CONSIDERATION AND ASSESSMENT OF OPTIONS FOR GROWTH
20 ALLOCATION AND PRIORITIZATION OF NEW PROJECTS FOR OPERATIONS AND
21 FACILITIES OR PORTIONS OF OPERATIONS AND FACILITIES TURNED OVER TO
22 PRIVATE ENTITIES OR LOCAL GOVERNMENTS; AND

23 ~~(VII)~~ (XI) DEVELOPMENT OF RECOMMENDATIONS FOR
24 PRIVATIZING WATER, SEWERAGE, AND ANCILLARY SERVICES OF THE WSSC IN A
25 MANNER DESIGNED TO PROTECT THE INTERESTS OF CONSUMERS IN HEALTHY,
26 SAFE, AND COST-EFFECTIVE SERVICES AS WELL AS THE CONTINUED ECONOMIC
27 VIABILITY OF ENTITIES PROVIDING THOSE SERVICES IN THE PRIVATE SECTOR.

28 (3) EACH RECOMMENDATION SHALL CONTAIN A COST AND BENEFIT
29 ANALYSIS AND AN ENVIRONMENTAL ASSESSMENT. THE COST AND BENEFIT
30 ANALYSIS SHALL INCLUDE THE IMPACT OF EACH RECOMMENDATION ON
31 RESIDENTIAL RATEPAYERS, COMMERCIAL RATEPAYERS, COUNTY AND MUNICIPAL
32 GOVERNMENTS, ENTITIES REGULATED BY THE WSSC, CURRENT WSSC EMPLOYEES,
33 TAXPAYERS IN THE SANITARY DISTRICT, AND THE EXISTING FINANCING STRUCTURE
34 OF WSSC FACILITIES.

35 ~~(3)~~ (4) IN THE CONDUCT OF ITS STUDY AND THE DEVELOPMENT OF
36 ITS RECOMMENDATIONS, THE TASK FORCE SHALL MEET WITH CONSUMERS AND
37 WITH ENTITIES POTENTIALLY AFFECTED BY THE PRIVATIZATION OF WATER,
38 SEWERAGE, AND ANCILLARY SERVICES OF THE WSSC AND BY ANY RECOMMENDED
39 RESTRUCTURING OF THE WSSC AND ITS FUNCTIONS.

1 (G) (1) THE TASK FORCE SHALL HIRE AN INDEPENDENT CONSULTANT WITH
2 EXPERTISE IN FINANCIAL OPERATIONS AND MANAGEMENT AND VALUATION OF
3 PUBLIC UTILITIES.

4 (2) THE CONSULTANT SHALL EXAMINE AREAS OF THE WSSC IT
5 CONSIDERS APPROPRIATE. IF THE CONSULTANT CONSIDERS IT APPROPRIATE TO
6 EXAMINE AREAS OUTSIDE OF SUBSECTION (F) OF THIS SECTION, THEN THE TASK
7 FORCE SHALL EXTEND ITS STUDY TO INCLUDE THE AREAS THAT THE CONSULTANT
8 CONSIDERS APPROPRIATE.

9 ~~(H)~~ THE TASK FORCE SHALL PROVIDE AN INTERIM REPORT OF ITS ACTIVITIES
10 ~~TO THE COUNTY EXECUTIVES OF PRINCE GEORGE'S COUNTY AND MONTGOMERY~~
11 ~~COUNTY, AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE~~
12 ~~HOUSE AND SENATE DELEGATIONS OF THOSE COUNTIES, ON OR BEFORE JANUARY 1,~~
13 ~~1999.~~

14 ~~(2)~~ THE TASK FORCE SHALL PROVIDE ITS FINAL REPORT, INCLUDING
15 ALL RECOMMENDATIONS, TO THE COUNTY EXECUTIVES OF PRINCE GEORGE'S
16 COUNTY AND MONTGOMERY COUNTY, AND, SUBJECT TO § 2-1246 OF THE STATE
17 GOVERNMENT ARTICLE, TO THE HOUSE AND SENATE DELEGATIONS OF THOSE
18 COUNTIES, ON OR BEFORE ~~JANUARY 1, 2000~~ JULY 1, 1999.

19 ~~(H)~~ (I) THE WSSC AND ALL OTHER STATE AND LOCAL AGENCIES SHALL
20 COOPERATE WITH AND PROVIDE ASSISTANCE AS NEEDED TO THE TASK FORCE.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 1998. It shall remain effective for a period of ~~2 years~~ 18 months and, at the end
23 of ~~June 30, 2000~~ December 31, 1999, with no further action required by the General
24 Assembly, this Act shall be abrogated and of no further force and effect.