

Our Mission: To build and maintain water delivery, sanitary sewer collection, and wastewater treatment systems that provide high-quality water and sewer services and products

SIGNIFICANT BUDGET CHANGES

The FY 2017 adopted expenditure budget for the Utilities Fund is \$89,456,778, a one percent increase from the FY 2016 adopted budget. The FY 2017 adopted budget reflects:

- ↑ Personnel increases due to employee salary increases and **an increase in the County's cost for** employee health insurance, offset by adjustments to retirement contributions based on current actuarial projections.
- ↑ Non-personnel increases due to the addition of costs for licensing and operating costs for asset management software (\$229,950), mobile meter management software (\$35,000), and capital project tracking software (\$27,093), redundant (wireless) SCADA service at pumping stations (\$22,320), offset by adjustments to the annual expense for maintenance and replacement of County vehicles (\$26,739).
- ↓ Debt service decreases due to repayment of General Obligation Bonds for various Utilities Fund capital projects (\$261,145) and repayment and refinancing of a portion of funds borrowed through the Virginia Wastewater Revolving Loan Fund for the Master Plan 2001 project at the WPCP (\$176,147).
- ↑ Other expense increases are due to higher overhead charges based on FY 2017 projections (\$418,512).
- ↓ Revenues decrease due to lower pretreatment revenue (\$10,650) and appliance fees (\$7,500), offset by an increase in Lee Pumping Station lease agreements with Sprint and Omnipoint (\$4,643).
- Fund Balance Utilized reflects drawdown of fund balance, as planned, and is consistent with the **County's financial policies**.

The total water/sewer rate is unchanged at \$13.27 per thousand gallons (TG). The water and sewer rates are currently \$4.21/TG and \$9.06/TG respectively, effective May 1, 2015.

The following fees and other revenue are used to fund operating and capital costs for the Utilities Fund. The capital costs are reflected in the Pay-As-You-Go Capital portion of the budget, found in Tab E.

Fund Balances From Prior Years: The County maintains a fund balance, consistent with the Board-adopted financial policy to maintain an operating reserve equal to three months of expenses, to cover emergency events that might impact water and sewer services.

Interest Earnings: Interest earned on the fund balance accrues to the Utilities Fund monthly.

Water/Sewer Billing: These charges generate approximately 93 percent of the income for the Utilities Fund. This category includes sewer revenue from government facilities and authorities and other organizations (such as the Pentagon and Reagan National Airport) that use the County's sewage system but receive their drinking water from other sources.

Water Service Connection Fee: This fee is paid by new water users for a physical connection to the water system. The fee recovers 100 percent of personnel, materials, and equipment rental costs.

Sewage Treatment Charges: These charges are paid by neighboring jurisdictions (Fairfax County and the Cities of Falls Church and Alexandria). Consistent with memoranda of understanding that the County has signed with Fairfax County and the Cities of Falls Church and Alexandria, the neighboring jurisdictions are charged both for their share of costs associated with operating the **County's sewage system as well as with making necessary capital improvements to it.**

Water/Sewer Late Fee: The County imposes a six percent fee on any water and sewer charges if, 30 days after the billing date, there is an outstanding balance on the account.

New Account Fee: This \$25 fee is charged to new customers when they set up a new utilities account.

Turn-On Fee: This \$25 fee is charged when the County turns on a customer's water service after it had previously been shut off **either at the customer's request or for non-payment.**

Flow Test Fee: This fee is charged when developers request fire flow information necessary to do sprinkler system design.

DFU Credit Inspection Fee: This fee is charged when developers request a credit for existing drainage fixture units (DFUs) at properties that will be demolished. The credit offsets the Infrastructure Availability Fees that a developer will be charged for new construction.

Pretreatment Fee: This fee is assessed on certain businesses that introduce pollutants into the **sewer system, or "Significant Industrial Users,"** to recover all of the costs of the industrial pretreatment program, which ensures compliance with state and federal standards.

Utility Marking Fee: This fee is charged to developers to have utility lines marked before construction begins.

Hazardous Household Material Fee: This fee is charged for the safe disposal of household waste products that contain hazardous materials and require special waste management to minimize environmental impacts (televisions, computer monitors, etc.).

Infrastructure Availability Fee: This fee is charged to developers for the capital costs associated with adding new demand on the water and sewer systems and is based on the number of drainage fixtures units added to the system. Revenues for this fee are accounted for in the Utilities Capital Pay-As-You-Go Fund.

PROGRAM FINANCIAL SUMMARY

	FY 2015 Actual	FY 2016 Adopted	FY 2017 Adopted	% Change '16 to '17
Personnel	\$19,316,570	\$22,723,583	\$23,076,387	2%
Non-Personnel	30,244,745	29,789,787	30,077,411	1%
Debt Service	33,292,400	32,888,026	32,450,734	-1%
Other	4,128,522	4,233,734	4,652,246	10%
Subtotal	86,982,237	89,635,130	90,256,778	1%
Intra-County Revenue	(825,091)	(800,000)	(800,000)	-
Total Operating Expenditures	86,157,146	88,835,130	89,456,778	1%
Revenues	100,996,027	99,796,784	99,783,277	-
Fund Balance Utilized	-	1,260,820	1,484,001	18%
Total Revenues and Fund Balance	100,996,027	101,057,604	101,267,278	-
Transfer to Capital	12,524,545	12,121,850	11,810,500	-3%
Transfer to Auto Fund	-	100,624	-	-100%
Total Transfers Out (In)	\$12,524,545	\$12,222,474	\$11,810,500	-3%
Permanent FTEs	233.55	241.75	241.75	
Temporary FTEs	2.20	2.20	2.20	
Total Authorized FTEs	235.75	243.95	243.95	

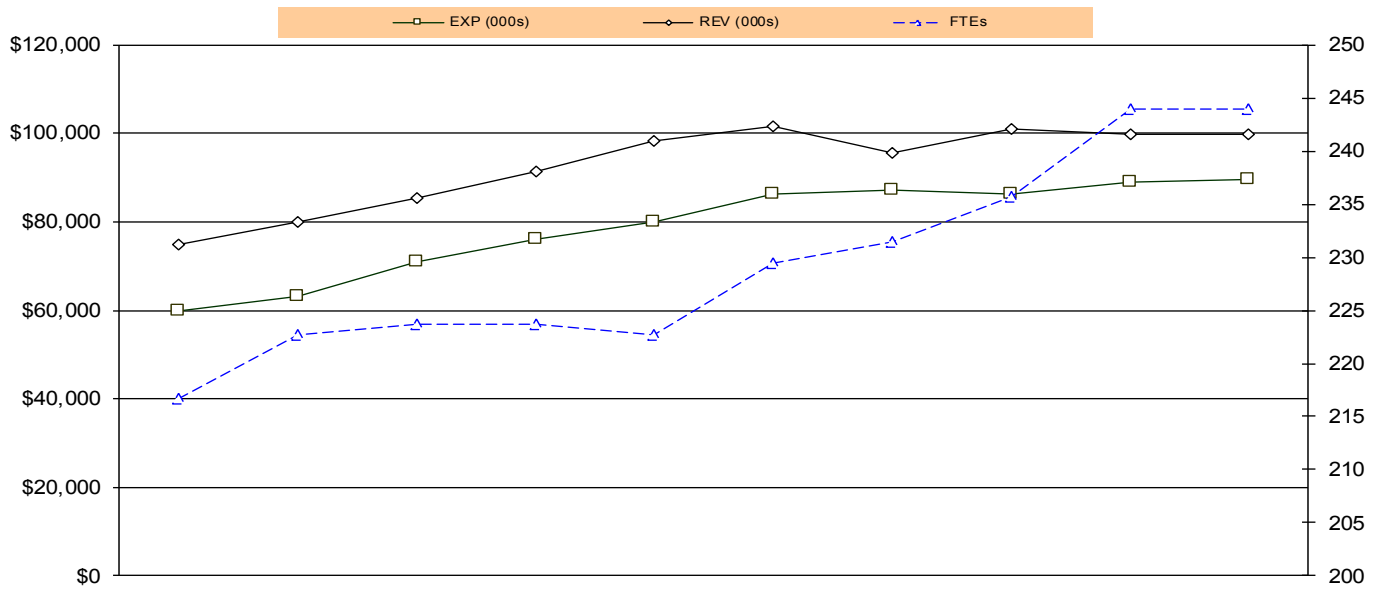
Note: In FY 2016, \$1,260,820 from prior year fund balance will be used and in FY 2017, \$1,484,001 from prior year fund balance will be used. The fund balance has been drawn down over the past few years and is projected to be slightly above the minimum requirement at the end of FY 2017. The County has used the fund balance to offset one-time capital expenditures.

UTILITIES FUND
OPERATING STATEMENT

	FY 2015 ACTUAL	FY 2016 ADOPTED	FY 2016 RE-ESTIMATE	FY 2017 ADOPTED
BALANCE JULY 1	\$18,678,617	\$15,461,664	\$20,992,953	\$18,425,263
REVENUE				
Interest	87,264	50,000	50,000	50,000
Water/Sewer Billing	94,023,977	93,163,068	93,163,068	93,163,068
Water Service Connection Fee	1,055,139	1,150,000	1,150,000	1,150,000
Water Service Discontinuation	147,400	130,000	130,000	130,000
Meter Installation	46,000	17,000	17,000	17,000
Sewage Treatment Charges	4,431,687	4,236,269	4,090,895	4,236,269
Late Fee	396,462	450,000	450,000	450,000
New Account Fee	109,975	100,000	100,000	100,000
Turn-On Fee	12,250	13,000	13,000	13,000
Flow Test Fee	9,600	14,000	14,000	14,000
Pretreatment Fee	15,604	15,850	15,850	5,200
Utility Marking Fee	183,916	210,000	210,000	210,000
Hazardous Household Material Fee	11,005	20,000	20,000	12,500
Miscellaneous Revenue	465,748	227,597	227,597	232,240
TOTAL REVENUE	100,996,027	99,796,784	99,651,410	99,783,277
OPERATING EXPENSES				
Utilities Services Office (net of intra-county billing revenue)	381,776	500,980	725,980	593,729
WSS Operations	17,560,071	17,430,270	17,560,071	17,758,446
Water Purchase	7,392,300	8,000,000	8,000,000	8,000,000
Water/Sewer Records	655,025	718,033	718,033	748,941
Water Pollution Control	22,747,052	25,064,087	24,064,087	25,252,682
Debt Service	33,292,400	32,888,026	32,888,026	32,450,734
Other	4,128,522	4,233,734	4,233,734	4,652,246
TOTAL EXPENSES	86,157,146	88,835,130	88,189,931	89,456,778
BALANCE (SUBTOTAL)	33,517,498	26,423,318	32,454,432	28,751,762
TRANSFERS OUT				
Utility Construction (Fund 519)	12,524,545	12,121,850	13,928,545	11,810,500
Auto Fund	-	100,624	100,624	-
TOTAL TRANSFERS	12,524,545	12,222,474	14,029,169	11,810,500
TOTAL EXPENSE AND TRANSFERS	98,681,691	101,057,604	102,219,100	101,267,278
BALANCE, JUNE 30	20,992,953	14,200,844	18,425,263	16,941,262
Board-adopted Three-month Operating Reserve (excludes debt service)	\$13,216,187	\$13,986,776	\$13,825,476	\$14,251,511
Water/Sewer Rate per 1,000 gallons	\$13.04	\$13.27	\$13.27	\$13.27

Note: Fund balance declines due to the planned use of fund balance for non-recurring capital expenditures.

EXPENDITURE, REVENUE, AND FULL-TIME EQUIVALENT TRENDS



	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted Budget	FY 2017 Adopted Budget
EXP (000s)	\$59,957	\$63,211	\$70,830	\$76,129	\$80,054	\$86,146	\$87,020	\$86,157	\$88,835	\$89,457
REV (000s)	\$74,907	\$80,046	\$85,247	\$91,352	\$98,395	\$101,522	\$95,637	\$100,996	\$99,797	\$99,783
FTEs	216.70	222.70	223.70	223.70	222.70	229.50	231.50	235.75	243.95	243.95

Note: Beginning in FY 2012, revenue includes utilization of fund balance in addition to fees and other revenue received during the fiscal year.

Fiscal Year	Description	FTEs
FY 2008	<ul style="list-style-type: none"> ▪ Water/sewer charges increased \$1.20 from \$8.00 to \$9.20 per 1,000 gallons. ▪ Debt service increased (\$6,726,449) for the planned upgrade and expansion at the Water Pollution Control Plant; the Potomac Interceptor project; and the County’s share of the Washington Aqueduct residuals disposal project. ▪ Non-personnel expenditures (\$1,533,929 total) included electricity, water, and fuel at the Water Pollution Control Plant and the Water, Sewer, Streets Bureau (\$505,520); non-discretionary contractual increases in maintenance and construction costs (\$263,044), chemicals and supplies (\$192,524), and biosolids hauling (\$73,987) at the Water Pollution Control Plant; increased County vehicle charges at the Water, Sewer, Street Bureau (\$121,456); and increased wholesale water purchases from the Dalecarlia Water Treatment Plant at the Washington Aqueduct (\$200,000). ▪ Intra-County charges (\$335,000) reflect more accurate estimates of County facility water and sewer billings than budgeted in prior years. 	
FY 2009	<ul style="list-style-type: none"> ▪ The total water/sewer rate increased \$1.34 to a total of \$10.54 per thousand gallons (TG), a 14.6 percent increase, which produced \$9.3 million of additional revenue. The water rate increased \$0.01/TG to \$3.35/TG. The sewer rate increased by \$1.33/TG to \$7.19/TG. This combined \$1.34 increase was to be used primarily to pay for new debt service obligations. ▪ Six positions (6.0 FTEs) were moved from the Department of Environmental Services General Fund budget to the Utilities Fund. Costs for these positions previously were transferred into the Utilities Fund, and these positions are now charged directly to the fund. ▪ Non-personnel expenditures included increases in non-discretionary contractual increases in maintenance and construction costs (\$160,066), market-based increases for chemicals and operating supplies (\$600,592), and hauling and disposal costs for biosolids and the construction debris (\$445,665) at the Water Pollution Control Plant (WPCP) and the Water, Sewer, Streets Bureau (WSS). The budget also included an increase in cost for wholesale water purchases from the Dalecarlia Water Treatment Plant at the Washington Aqueduct (\$200,000), as well as an increase in the amount of indirect costs charged from the General Fund to the Utilities Fund (\$254,058). ▪ Debt service increased by \$6,768,313. This included repayment of funds borrowed through the Virginia Wastewater Revolving Loan Fund (VWRLF), which is the primary source of financing for the Master Plan 2001 update at the WPCP, and repayment of general obligation bonds issued in FY 2007 and FY 2008 funding the Potomac Interceptor project, the County’s share of the Washington Aqueduct Residuals project, and a portion of the Master Plan 2001 update. ▪ The adopted budget included an increase in the water connection fee. This fee had not increased in the past 18 years. The previous fees ranged from \$1,600 to \$15,500, depending on the size of the connection, and the 	6.0

Fiscal Year	Description	FTEs
	<p>adopted fees range from \$3,200 to \$25,300.</p> <ul style="list-style-type: none"> ▪ The adopted budget included an increase in the rate charged for inspections of Drainage Fixture Unit (DFU) credits, based on the actual cost of performing these inspections. Developers may request a review of actual DFUs versus the standard number of DFUs set forth in the County Water Rules and Regulations. The previous inspection charge was \$75 for one to 24 fixtures, and from \$125 to \$175 for 25 or more fixtures. The adopted fees are \$175 for one to 24 fixtures, and \$275 for 25 or more. ▪ The County Board approved new financial policies for the Utilities Fund regarding long-term financial planning, reserve levels, and debt service coverage. 	
FY 2010	<ul style="list-style-type: none"> ▪ The total water/sewer rate increased \$0.66 to a total of \$11.20 per thousand gallons (TG), a 6.3 percent increase, which produced \$2.2 million of additional revenue. The water rate increased \$0.07/TG to \$3.42/TG. The sewer rate increased by \$0.59/TG to \$7.78/TG. ▪ One new position was added for a Laboratory Technician at the Water Pollution Control Plant (\$81,000), in order to comply with new state regulations that require meeting Certification for Non-Commercial Environmental Laboratories (NELAC) accreditation standards. ▪ Non-personnel expenditures include increases in non-discretionary contractual costs for maintenance, construction, and equipment rental (\$653,000), an increase for wholesale water purchases from the Washington Aqueduct (\$238,000), an increase of \$103,000 to fund the apprenticeship program at the Water Pollution Control Plant, an increase of \$184,000 for County owned vehicles and fuel charges, an increase of \$105,000 for a transfer to the Auto Fund for the purchase of a dump truck and tailgate roller, and a decrease of \$498,000 in the transfer to capital for Pay-As-You-Go funding. 	1.0
FY 2011	<ul style="list-style-type: none"> ▪ The total water/sewer rate increases \$0.54 to a total of \$11.74 per thousand gallons (TG), a 4.8 percent increase, which will produce \$2.8 million of additional revenue. The water rate increases \$0.08/TG to \$3.50/TG. The sewer rate will increase by \$0.46/TG to \$8.24/TG. ▪ The Infrastructure Availability Fee (IAF) increases by \$18 per drainage fixture unit (DFU) to a total of \$182 per DFU, an 11 percent increase. The water IAF increases by \$3/DFU to \$72/DFU. The sewer IAF increases by \$15/DFU to \$110/DFU. ▪ Non-personnel expenditures include an increase of \$873,520 for fuel costs associated with the new stand-by generator at the Water Pollution Control Plant, partially offset by revenue of \$256,230 from the Demand Side Management Program. Other non-personnel increases are for chemicals associated with new processes at the plant that are part of the MP01 upgrade (\$451,323), the apprentice program at the plant to address transition staffing needs (\$442,859), an increased wholesale water purchase price from the Washington Aqueduct (\$301,700), and increased insurance costs and automotive costs (\$129,000). 	

Fiscal Year	Description	FTEs
	<ul style="list-style-type: none"> ▪ Wholesale water purchases from the Washington Aqueduct increase by \$100,000. ▪ Other WPCP increases include \$100,000 for safety consulting at the plant and \$80,651 for increased level of security guards required during continued construction at the WPCP. ▪ Debt service increases \$635,758 for repayment of General Obligation bonds and VRA bonds for various Utilities Fund capital projects. ▪ The transfer to PAYG capital decreases \$897,282, based on the planned FY 2013 maintenance capital program. 	
FY 2014	<ul style="list-style-type: none"> ▪ Personnel includes two new positions, a Construction Manager and a Sanitary Sewer Engineer (\$799,040). ▪ Non-personnel increases include \$639,400 for maintenance supplies at the Water Pollution Control Plant (WPCP), \$400,000 in consulting for various studies and ongoing capital project support at the Water Sewer Street Bureau (WSS), \$476,141 for electricity, Contracted Services and the apprenticeship and succession planning programs at the WPCP, \$100,000 for wholesale water purchases from the Washington Aqueduct, the addition of \$52,000 for the replacement of an existing server for the Utility Services Office (USO), \$30,419 for operating supplies and \$7,725 for landfill charges at WSS, \$22,000 to purchase a vehicle for the new Construction Manager at WSS, the addition of \$10,000 for automation of real estate agreement records, \$7,662 for printing and mailing of utility bills, \$2,037 for charges from the County's print shop to USO, and \$1,000 for the utilities share of base map maintenance. ▪ Non-personnel expenses decrease by \$498,440 for generator fuel at the WPCP, decrease for the transfer of Water / Sanitary Sewer Frames and Covers to the Utilities PAYG budget (\$400,000), solids hauling (\$295,497), chemicals at the WPCP (\$154,274), based on updated volume and pricing assumptions, gas at the WPCP (\$40,500), based on an anticipated price decrease, water at the WPCP (\$29,050), County vehicle charges (\$26,710), and elimination of the Telecom & Communications budget for Water Sewer Records (\$2,773). ▪ Debt service decreased by \$590,424 for repayment of general obligation bonds for various Utilities capital projects. ▪ Total revenues include revenue from Inter-jurisdictional Partners (\$624,433), revenue from the County's participation in Dominion Virginia Power's Demand Side Management program (\$68,985), Utility Marking revenue (\$50,000), and Lee Pumping Station lease revenue (\$5,725). ▪ The Infrastructure Availability Fee (IAF) increases by \$18 per drainage fixture unit (DFU) to a total of \$200 per DFU, a 10 percent increase. The water IAF increases by \$13/DFU to \$85/DFU. The sewer IAF increases by \$5/DFU to \$115/DFU. ▪ The transfer to the Auto Fund decreases to zero. 	2.0
FY 2015	<ul style="list-style-type: none"> ▪ Added a Chief Engineer, a Control Systems Engineer, an Electrical Power Technician, and a Control Systems Technician (\$580,648). ▪ Increased a Records Assistant position from 0.50 to 0.75 FTE (\$12,458). 	4.0 0.25

- Reduced generator fuel expenses based on lower than anticipated use (\$394,200).
- Eliminated sixteen over-strength positions (\$391,020).
- Non-personnel decreases include equipment repair expenses (\$165,910), payments for leased equipment (\$31,911), and wholesale water purchases from the Washington Aqueduct (\$200,000).
- Non-personnel decreases are partially offset by increases in maintenance supplies (\$446,796), contracted services (\$92,775), insurance claims (\$31,464), operating equipment and supplies (\$61,854), inspection and repair of water valves (\$350,000), and adjustment to the annual expense for maintenance and replacement of County vehicles (\$6,389).
- Debt service decreases due to repayment of General Obligation Bonds for various Utilities Fund capital projects (\$644,644) and repayment of funds borrowed through the Virginia Wastewater Revolving Loan Fund for the Master Plan 2001 project at the WPCP (\$81,507).
- Other expense increases include higher overhead charges based on FY 2015 projections (\$230,863), funding for over-strength positions to meet succession planning and other needs (\$150,000), and the annual payment to the Virginia Waterworks Fund (\$35,631).
- Increased the water/sewer rate by \$0.43, from \$12.61 to \$13.04 per thousand gallons (TG).
- Revenue increases due to water consumption estimates and the adopted rate increase (\$3,091,257).
- Revenue increases also include water service connections (\$100,000), water service discontinuations (\$20,000), meter installations (\$10,000), pretreatment revenue (\$340), and the Lee Pumping Station lease agreements with Sprint and Omnipoint (\$4,425).
- Revenue increases are partially offset by decrease in interest (\$100,000), a decrease in household hazardous material revenue (\$5,000), and the County's participation in Dominion Virginia Power's (DVP) Demand Side Management program (\$394,200).

FY 2016	<ul style="list-style-type: none"> ▪ Transfer of a Management and Budget Specialist from the Facilities Design and Construction Bureau in the General Fund to increase from 0.80 to 1.0 FTE (\$25,696, 0.20 FTE) 	0.2
	<ul style="list-style-type: none"> ▪ Added a Capital Projects Engineer (\$113,533, 1.0 FTE), a Large Water Meter Service Team (\$165,921, 3.0 FTEs), and a Valve Exercise Team (\$221,228, 4.0 FTEs) replacing contractors for budget savings. ▪ Non-personnel increases primarily due to increases in maintenance supplies (\$71,066), contracted services (\$51,762), chemicals (\$36,572), redundant (wireless) SCADA service at lift stations (\$30,688), security system monitoring (\$30,000), adjustments to the annual expense for maintenance and replacement of County vehicles (\$26,609), one-time expenses for the Utility Billing System replacement project management (\$99,842), one-time equipment expenses for the new FTEs (\$63,000), and operating expenses for the new FTEs (\$32,902). ▪ Non-personnel decreases due to the elimination of contractual valve work (\$350,000). ▪ Debt service decreases due to repayment of General Obligation Bonds for various Utilities Fund capital projects (\$736,502) and repayment and 	8.0

refinancing of a portion of funds borrowed through the Virginia Wastewater Revolving Loan Fund for the Master Plan 2001 project at the WPCP (\$293,746).

- Other expense increases due to higher overhead charges based on FY 2016 projections (\$75,594).
- Intra-county revenues increase based on historic trend analysis of water revenue from county departments (\$57,600).
- Revenues increase due to the adopted water and sewer rate increase (\$974,847), sewage treatment charges from neighboring jurisdictions (\$325,531), late fees (\$100,000), interest earnings (\$50,000), water service connections (\$50,000), water service discontinuations (\$10,000), utility marking fees (\$10,000), meter installations (\$7,000), turn on fees (\$6,000), fire flow test fees (\$4,000), pretreatment revenue (\$3,550), and Lee Pumping Station lease agreements with Sprint and Omnipoint (\$2,832).

FY 2017

- Non-personnel increases due to the addition of costs for licensing and operating costs for asset management software (\$229,950), mobile meter management software (\$35,000), and capital project tracking software (\$27,093), redundant (wireless) SCADA service at pumping stations (\$22,320), offset by adjustments to the annual expense for maintenance and replacement of County vehicles (\$26,739).
- Debt service decreases due to repayment of General Obligation Bonds for various Utilities Fund capital projects (\$261,145) and repayment and refinancing of a portion of funds borrowed through the Virginia Wastewater Revolving Loan Fund for the Master Plan 2001 project at the WPCP (\$176,147).
- Other expense increases are due to higher overhead charges based on FY 2017 projections (\$418,512).
- Revenues decrease due to lower pretreatment revenue (\$10,650) and appliance fees (\$7,500), offset by an increase in Lee Pumping Station lease agreements with Sprint and Omnipoint (\$4,643).