

**FAIRFAX WATER  
FINANCE AND AUDIT COMMITTEE**

**Minutes of Meeting on November 3, 2022**

At 6:34 p.m. on Thursday, November 3, 2022, a meeting of the Finance and Audit Committee was held at Fairfax Water with the following in attendance:

**Members:** Roberson, Cammarata, Ginyard-Jones, and Griffin

**Other Members:** Allin, Begovich, Colleton, Day, Dotson, and Rubin

**Staff:** Hedges, Kingsbury, Atapoor, Dooley, Goldberg, Grimes, Hack, Hoke, Legg, S. Miller, Nguyen, Oates, Robey, Siminari, and Sinopole

**Counsel:** John McGranahan, Hunton Andrews Kurth, LLP, and Roger Cronin and Mike Gallo, Greeley and Hansen

Upon separate motions duly made, seconded, and unanimously carried, unless otherwise noted, the following actions were taken:

Adoption of Minutes

The Committee approved the minutes of October 20, 2022.

Trust Engineer Inspection

Mr. Cronin from Greeley and Hansen provided an overview of the Trust Engineer inspection of the Fairfax Water facilities on Wednesday, November 2, 2022, and Thursday, November 3, 2022. Mr. Cronin concluded that the facilities are in good condition and being well maintained, with a good plan for future needs.

Mr. Cronin also reviewed the Fairfax Water Advertised Annual 2023 Budget document and found the budget reasonable and adequate to maintain the water system, to meet debt requirements, and to continue funding the Capital Improvement Program (CIP).

Presentation of Preliminary 2023 Annual Budget

Ms. Oates gave a presentation on the Preliminary 2023 Annual Budget including an update on 2022 projections. Revenues in 2022 are expected to be approximately \$3.6 million below budget. Most of the decrease is attributable to wholesale water revenues driven by a delay in billing for the Occoquan Tunnel project. Water sales volume in 2022 is estimated to be 674 million gallons less than 2021, a 1.2% decrease.

The following is a summary of the 2023 Annual Budget:

2023 Annual Budget	
Revenues	\$ 228,356,000
Expenses	116,368,000
Net Revenues	112,890,000
Coverage Ratio	2.44

Budgeted revenues in 2023 of \$228.4 million are \$24 million (11.7%) higher than the 2022 current estimate.

Major Revenue Categories		
Retail Water	\$ 137,925,000	60%
Wholesale Water	63,845,000	28%
Connection Charges	12,261,000	5%
Investment Income	1,800,000	1%
Other Income	12,525,000	6%

Budgeted expenses in 2023 of \$116.4 million are \$13.3 million (12.9%) higher than the 2022 current estimate and \$9.8 million (9.1%) higher than the 2022 Annual Budget.

Major Expense Categories		
Personal Services	\$ 36,878,000	32%
Employee Benefits	30,998,000	27%
Chemicals and Power	26,076,000	22%
Purchased Water	7,513,000	6%
Other	14,903,000	13%

The Committee unanimously voted to recommend to the Board the approval of the 2023 Advertised Annual Budget. The motion was moved by Mr. Roberson and seconded by Mr. Griffin.

Adjournment

There being no further business, the meeting was adjourned at 7:35 p.m.

  
Alan Roberson, Chairman