

FAIRFAX WATER
Minutes of Finance and Audit Committee Meeting
November 7, 2024

At 6:00 p.m. on Thursday, November 7, 2024, a Meeting of the Fairfax Water Finance and Audit Committee was held in the Bill G. Evans Boardroom at 8570 Executive Park Avenue, Fairfax, Virginia, with the following in attendance:

Committee Members: Cammarata, Ginyard-Jones, Griffin (Chair), Roberson (Remote)

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

Staff: Brown, Collins, Dewhirst, Dooley, Grimes, Hedges, Kingsbury, Love, S. Miller, B. Nguyen, Oates, Prelewicz, Sinopole

Counsel: John McGranahan, Hunton Andrews Kurth, LLP

Consultant: Roger Cronin, Greeley and Hansen

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

Approval of Participation by Electronic Communication

Mr. Griffin moved, with a second by Mr. Cammarata, that Mr. Roberson's request to participate in the Finance and Audit Committee Meeting by means of electronic communication was consistent with the Board's policy, and the Committee approved his request pursuant to Virginia Code Section 2.2-3708.3(B)(4). Mr. Roberson participated by means of electronic communication from Fairfax, VA, due to a temporary medical condition.

Approval of Minutes

The Committee approved the Minutes of the October 10, 2024, Meeting.

Trust Engineer's Report

Mr. Cronin from Greeley and Hansen provided an overview of the Trust Engineer inspection of the Fairfax Water facilities, which was held on Wednesday, November 6, 2024, and Thursday, November 7, 2024. Mr. Cronin concluded that the facilities are in good condition and are well maintained, with a good plan for future needs.

Mr. Cronin also reviewed the Fairfax Water Advertised Annual 2025 Budget document and found the budget reasonable and adequate to maintain the water system, meet debt requirements, and continue funding the Capital Improvement Program (CIP).

Preliminary 2025 Annual Budget

Ms. Oates presented the Advertised 2025 Annual Budget, including an update on the 2024 projections. Revenues in 2024 are expected to be approximately \$13.4 million above budget. Most of the increase is attributable to a \$7.9 million payment received from Loudoun Water for several transmission

construction project true ups and higher connection charge revenue and investment income than planned. Water sales volume in 2024 is estimated to be 1.2 billion gallons more than in 2023, a 2.2% increase.

Revenues in the Advertised 2025 Annual Budget are \$239.6 million or \$15.2 million (6.0%) lower than the current 2024 estimate. The decrease is entirely driven by the Loudoun Water \$7.9 million one-time payment received in 2024 along with a \$9.2 million reduction for payments received for the Occoquan Tunnel Crossing Project. Reviewing the major revenue components, 87% of Fairfax Water's 2025 budgeted revenue comes from retail and wholesale water sales.

Expenses in 2024 are expected to be approximately \$472,000 less than budget. Expenses in the Advertised 2025 Annual Budget are \$135.1 million or \$12.3 million (10.1%) higher than the 2024 estimate and \$11.9 million (9.6%) higher than the 2024 Annual Budget. People, power, chemicals, and purchased water account for 79% of Fairfax Water's operating costs in the Advertised 2025 Annual Budget.

Ms. Ginyard-Jones moved, with a second by Chairman Griffin, to recommend that the Board approve the 2025 Advertised Annual Budget. The Committee approved the motion via a 3-1 vote, with Mr. Cammarata voting nay.

Adjournment

There being no further business, the Meeting was adjourned at 6:35 p.m.



Anthony Griffin, Committee Chairman