



2021 ANNUAL BUDGET

**Adopted
December 10, 2020**

The Annual Budget covers the 64th year of operation of Fairfax Water and has been prepared pursuant to the General Trust Indenture dated October 1, 1992, under which all outstanding Water Revenue Bonds of Fairfax Water have been issued. Fairfax Water is considered an enterprise fund and the Annual Budget represents the financial plan of Fairfax Water for the calendar year. The Annual Budget includes the funds and accounts created by the General Trust Indenture and has been organized in accordance with the "flow of funds" provisions therein. There are five major divisions of the Budget: Revenue Fund, Debt Service Fund, Reserve Fund, Improvement Fund, and General Fund.

Reviewers of the Annual Budget should be aware that Fairfax Water is a single-purpose public agency charged with the responsibility to construct, operate, and maintain a water system in compliance with state and federal water quality regulations. Line items of current expenses and capital expenditures are estimates based on historical experience and current judgment as to cost trends and the labor, material and services required to operate, maintain, and expand the water system. Fairfax Water has very little latitude with respect to the level of service it must provide or the requirements imposed by various regulatory agencies. There are few discretionary programs within Fairfax Water's assigned scope of activity. As such, one of the more important purposes of the Annual Budget is to assess the adequacy of Fairfax Water's revenues to satisfy the requirements of the General Trust Indenture.

The revenues of the water system include payments from various wholesale customers under agreements, which include the purchase of capacity rights in Fairfax Water's system. Wholesale customers account for approximately 45% of the total water sales volume of Fairfax Water in 2021.

The 2021 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2021. It is intended that these proposed charges would be considered for adoption at Fairfax Water's meeting of December 10, 2020, following a public hearing on the matter.

The General Trust Indenture requires Fairfax Water's Consulting Engineer to make an inspection of the water system annually and to submit a report on or before December 1 of each year setting forth findings as to the physical condition of the water system, recommendations as to the adequacy of the budgeted amounts for current expenses and capital expenditures, and any necessary or advisable revisions of the rates, fees, and charges.

The Annual Budget is contained on pages 2 through 8. Details and supporting data related to the Annual Budget are included on pages 9 through 52.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

<u>REVENUE FUND</u>	<u>2020</u>		<u>2021</u>
	<u>Budget</u>	<u>Current Estimate</u>	<u>Budget</u>
<u>REVENUES</u>			
Wholesale Revenue (Fixed and Commodity) ⁽¹⁾			
Virginia-American Water Company			
Alexandria District	\$ 10,590,000	\$ 10,528,000	\$ 10,347,000
Prince William District	3,912,000	4,180,000	4,062,000
Prince William County Service Authority	13,733,000	13,551,000	13,341,000
Loudoun Water	7,430,000	7,859,000	7,578,000
Town of Herndon	1,453,000	1,527,000	1,358,000
Fort Belvoir	1,925,000	2,004,000	2,208,000
Dulles International Airport	447,000	358,000	492,000
Town of Vienna	1,719,000	1,661,000	1,603,000
Prince William County Park Authority	1,000	1,000	1,000
Vulcan Materials Company	21,000	18,000	21,000
Old Hickory Golf Course	5,000	5,000	5,000
Total - Wholesale Revenue	<u>41,236,000</u>	<u>41,692,000</u>	<u>41,016,000</u>
Retail Revenue (Commodity and Billing)	<u>119,560,000</u>	<u>121,717,000</u>	<u>123,843,000</u>
Total - Wholesale and Retail Revenue	<u>160,796,000</u>	<u>163,409,000</u>	<u>164,859,000</u>

⁽¹⁾ See Exhibit 1 (page 25) for a breakdown of commodity and fixed charges revenue.

	2020		2021 Budget
	Budget	Current Estimate	
<u>Other Revenues</u>			
Availability Charges	\$ 10,000,000	\$ 10,800,000	\$ 10,500,000
Local Facility Charges	1,000,000	1,300,000	1,300,000
Service Connection Charges	920,000	1,200,000	1,200,000
Account Charges	1,100,000	1,050,000	1,100,000
Delinquent Account Charges	500,000	135,000	250,000
Returned Check Charges	55,000	50,000	55,000
Sewer Service Billing Charges	6,600,000	6,800,000	6,800,000
Merchandising and Jobbing	150,000	120,000	150,000
Fire Hydrant Permit Fees	690,000	730,000	730,000
Laboratory Services	80,000	82,000	82,000
Investment Income	2,200,000	4,800,000	2,100,000
Lease Income	1,500,000	1,420,000	1,310,000
Sale of Scrap Material	50,000	60,000	50,000
Bad Debt Recovery	10,000	10,000	10,000
Bond Subsidy	1,065,000	1,068,000	1,070,000
Miscellaneous	125,000	370,000	170,000
Total - Other Revenues	<u>26,045,000</u>	<u>29,995,000</u>	<u>26,877,000</u>
Rate Revisions ⁽¹⁾	<u>5,696,000</u>	<u>- -</u>	<u>4,288,000</u>
Total - Revenues	192,537,000	193,404,000	196,024,000

⁽¹⁾ The 2021 Annual Budget contains a provision for revisions to certain rates, fees, and charges proposed to be effective April 1, 2021.

	2020		2021 Budget
	Budget	Current Estimate	
<u>CURRENT EXPENSES</u>			
<u>Operation and Maintenance Expenses</u>			
Supply Facilities	\$ 12,369,000	\$ 9,521,000	\$ 12,918,000
Treatment Facilities	25,612,000	25,091,000	25,728,000
Transmission System	5,618,000	5,545,000	5,670,000
Distribution System	21,602,000	21,793,000	21,970,000
Administrative and General	36,441,000	35,702,000	37,466,000
Total - Operation and Maintenance Expenses	101,642,000	97,652,000	103,752,000
<u>Other Expenses</u>			
New Services and Meters	1,754,000	1,475,000	1,538,000
Merchandising and Jobbing	4,000	3,000	4,000
Total - Other Expenses	1,758,000	1,478,000	1,542,000
Total - Current Expenses	103,400,000	99,130,000	105,294,000
<u>NET REVENUES</u>			
Net Revenues Defined	89,137,000	94,274,000	90,730,000
Transfer from Reserve Fund	962,000	1,486,000	1,037,000
Total Net Revenues	90,099,000	95,760,000	91,767,000
<u>DEBT SERVICE COVERAGE</u>			
Net Revenues	90,099,000	95,760,000	91,767,000
Annual Principal and Interest Requirements	43,000,000	40,710,802	42,358,365
Coverage	2.10	2.35	2.17

	2020		2021 Budget
	Budget	Current Estimate	
<u>DEBT SERVICE FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 32,696,671	\$ 30,592,253	\$ 31,236,403
<u>Receipts</u>			
Transfer from Revenue Fund	43,000,000	40,710,802	42,358,365
Investment Income	340,000	690,000	250,000
Total - Receipts	<u>43,340,000</u>	<u>41,400,802</u>	<u>42,608,365</u>
<u>Disbursements</u>			
Interest Payable - April 1 and October 1	20,246,286	17,326,424	16,957,083
Principal Payable - April 1	22,260,000	22,260,000	23,235,000
Transfer to Escrow	--	480,228	--
Transfer of Investment Income to Revenue Fund	340,000	690,000	250,000
Total - Disbursements	<u>42,846,286</u>	<u>40,756,652</u>	<u>40,442,083</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>33,190,385</u>	<u>31,236,403</u>	<u>33,402,685</u>

	2020		2021 Budget
	Budget	Current Estimate	
<u>RESERVE FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 12,795,000	\$ 11,247,000	\$ 9,503,000
<u>Receipts</u>			
Investment Income	130,000	150,000	120,000
Total - Receipts	<u>130,000</u>	<u>150,000</u>	<u>120,000</u>
<u>Disbursements</u>			
Transfer of Investment Income to Revenue Fund	130,000	150,000	120,000
Transfer of Excess Requirement to Revenue Fund	962,000	1,486,000	1,037,000
Transfer to Escrow	--	258,000	--
Total - Disbursements	<u>1,092,000</u>	<u>1,894,000</u>	<u>1,157,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>11,833,000</u>	<u>9,503,000</u>	<u>8,466,000</u>

	2020		2021 Budget
	Budget	Current Estimate	
<u>IMPROVEMENT FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 270,000	\$ 1,313,000	\$ 925,000
<u>Receipts</u>			
Transfer from Revenue Fund	11,000,000	11,000,000	11,000,000
Transfer from General Fund	74,000,000	66,000,000	8,000,000
Bond Proceeds	--	(94,000)	65,000,000
Advances for Construction	100,000	300,000	100,000
Contributions for Construction	3,000,000	2,680,000	800,000
Investment Income	20,000	4,000	50,000
Miscellaneous	50,000	350,000	50,000
Total - Receipts	<u>88,170,000</u>	<u>80,240,000</u>	<u>85,000,000</u>
<u>Disbursements</u>			
Part B Capital Improvement Program			
Materials and Supplies	90,000	50,000	90,000
Refunds - Advances for Construction	40,000	20,000	40,000
General Expenses	18,750,000	19,170,000	19,000,000
Subdivision and Other Development Projects	1,030,000	1,008,000	1,010,000
Extraordinary Maintenance and Repairs	42,528,000	41,472,000	35,376,000
Additions, Extensions and Betterments	21,918,000	16,940,000	26,852,000
General Studies	3,086,000	1,658,000	2,769,000
Part D Capital Improvement Program	--	250,000	--
Part E Capital Improvement Program	--	60,000	--
Total - Disbursements	<u>87,442,000</u>	<u>80,628,000</u>	<u>85,137,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>998,000</u>	<u>925,000</u>	<u>788,000</u>

	2020		2021 Budget
	Budget	Current Estimate	
<u>GENERAL FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 108,011,000	\$ 106,344,000	\$ 84,393,000
<u>Receipts</u>			
Transfer from Revenue Fund (Net Revenues)	36,099,000	44,049,000	38,409,000
Investment Income	1,700,000	3,900,000	1,600,000
Total - Receipts	<u>37,799,000</u>	<u>47,949,000</u>	<u>40,009,000</u>
<u>Disbursements</u>			
Transfer of Investment Income to Revenue Fund	1,700,000	3,900,000	1,600,000
Transfer to Improvement Fund	74,000,000	66,000,000	8,000,000
Total - Disbursements	<u>75,700,000</u>	<u>69,900,000</u>	<u>9,600,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>70,110,000</u>	<u>84,393,000</u>	<u>114,802,000</u>



DETAILS AND SUPPORTING DATA

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2021

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I. Highlights of 2021 Annual Budget

Category	2020 Budget	2020 Current Estimate	2021 Budget	% Increase (Decrease)
Retail Customer Accounts Added	300	443	300	(32.3)
Retail Equivalent 5/8" Units Added	2,350	2,500	2,430	(2.8)
Retail Customers - End of Year	281,761	281,947	282,247	0.1
Wholesale Water Sales (mg)	24,417	24,442	24,782	1.4
Retail Water Sales (mg)	30,500	29,500	30,500	3.4
Total Water Sales (mg)	54,917	53,942	55,282	2.5
Water Sales Revenue (\$ million)	166.205	163.409	168.851	3.3
Water Produced and Purchased (mg)	61,000	59,900	61,400	2.5
Water Produced and Purchased (mgd)	166.7	163.7	168.2	2.7
Total Revenues (\$ million)	192.537	193.404	196.024	1.4
Current Expenses (\$ million)	103.400	99.130	105.294	6.2
Net Revenues (\$ million)	90.099	95.760	91.767	(4.2)
Total Debt Service (\$ million)	43.000	40.711	42.358	4.0
Debt Service Coverage	2.10	2.35	2.17	(7.7)
Authorized Employees	475	475	475	--

Highlights of 2021 Annual Budget (Continued)

- ♦ 300 retail customers are projected to be added in 2021, 143 less than the number projected for 2020. A total of 282,247 customers are expected to be served at the end of 2021.
- ♦ Water sales are estimated to be 55.3 billion gallons in 2021, as compared to 53.9 billion gallons in 2020.
- ♦ Average daily production is expected to be 168.2 million gallons per day (mgd) in 2021, as compared to 163.7 mgd in 2020.
- ♦ Revenues are expected to be \$196.0 million in 2021, as compared to \$193.4 million in 2020.
- ♦ The 2021 Annual Budget contains a provision for revisions to certain rates, fees, and charges proposed to be effective April 1, 2021.
- ♦ Current Expenses are projected to be \$105.3 million in 2021, a 6.2% increase as compared to the 2020 Current Estimate and a 1.8% increase from the 2020 Budget.
- ♦ Net Revenues are projected to be \$91.8 million in 2021, as compared to \$95.8 million in 2020.
- ♦ Debt service coverage is projected at 2.17 in 2021, as compared to 2.35 in 2020.
- ♦ It is expected that the Improvement Fund will have a cash balance of \$0.9 million on January 1, 2021. Improvement Fund receipts are estimated at \$85.0 million and expenditures are estimated at \$85.1 million in 2021, resulting in an expected balance of \$0.8 million on December 31, 2021.
- ♦ It is expected that the General Fund will have a balance of \$114.8 million at the end of 2021.
- ♦ In 2021 the authorized staff complement is expected to remain constant at a total of 475 employees.
- ♦ Expected payroll costs of \$44.225 million in 2021 represents a 2.2% increase from the \$43.294 million budgeted in 2020.

II. Customer Growth

- ♦ Applications for new services in 2021 are projected to be 124 less than the number currently estimated for 2020 and 169 less than the actual number of applications received in 2019.
- ♦ 300 customer accounts are expected to be added in 2021.
- ♦ Single family and townhouse units comprise 94% of all retail customers.

	Actual				Current Estimate 2020	Budget 2021
	2016	2017	2018	2019		
<u>Customers</u>						
Number of Applications Received	481	808	557	669	624	500
Number of Services Installed	538	808	505	681	393	300
Number of Customer Accounts Added (net)	(19)	171	246	368	443	300
Number of Equivalent 5/8" Units Added	2,941	2,805	2,878	3,087	2,500	2,430
 <u>Total Customers (End-of-Year)</u>						
Single Family	187,224	187,207	187,194	187,173	187,180	187,269
Townhouse	76,897	77,010	77,219	77,544	77,928	78,116
Apartment	4,039	4,067	4,079	4,084	4,103	4,113
Commercial/Industrial	11,085	11,131	11,153	11,200	11,224	11,236
Municipal/Institutional	1,404	1,405	1,410	1,415	1,422	1,423
Restricted Service	70	70	81	88	90	90
	280,719	280,890	281,136	281,504	281,947	282,247
 <u>Sales Per Customer</u>						
Retail Customers (Average)	280,729	280,805	281,013	281,320	281,726	282,097
Retail Water Sales (mg)	31,533	30,590	29,787	30,854	29,500	30,500
Sales Per Customer (1,000 gal)	112	109	106	110	105	108

III. Water Sales

- ♦ Total water sales are expected to increase 2.5% in 2021 as compared to 2020.
- ♦ Total water sales are expected to decrease 2.8% in 2020 as compared to 2019.

	Actual				Current Estimate 2020	Budget 2021
	2016	2017	2018	2019		
<u>Water Sales</u>						
<u>Wholesale</u>						
Million Gallons	25,533	25,233	25,193	24,649	24,442	24,782
Daily Average (mgd)	69.8	69.1	69.0	67.5	66.8	67.9
% of Total Sales	45	45	46	44	45	45
<u>Retail</u>						
Million Gallons	31,533	30,590	29,787	30,854	29,500	30,500
Daily Average (mgd)	86.2	83.8	81.6	84.5	80.6	83.6
% of Total Sales	55	55	54	56	55	55
<u>Total</u>						
Million Gallons	57,066	55,823	54,980	55,503	53,942	55,282
Daily Average (mgd)	155.9	152.9	150.6	152.1	147.4	151.5

IV. Water Production (Supply)

- ♦ Water production is expected to average 168.2 mgd in 2021, as compared to 163.7 mgd in 2020.
- ♦ Occoquan River water production is expected to account for 37.0% of total production in 2021.
- ♦ Potomac River water production is expected to account for 56.0% of total production in 2021.
- ♦ Purchased water from the Washington Aqueduct is expected to account for 7.0% of total production in 2021.

	Actual				Current Estimate 2020	Budget 2021
	2016	2017	2018	2019		
<u>Supply vs. Sales (mg)</u>						
Water Supply	62,622	62,169	60,735	61,204	59,900	61,400
Water Sales	57,066	55,823	54,980	55,503	53,942	55,282
Non-Revenue Water:						
Quantity	5,556	6,346	5,755	5,701	5,958	6,118
As a % of Supply	8.9	10.2	9.5	9.3	10.0	10.0
<u>Sources of Supply (mg)</u>						
Purchased	4,188	5,390	5,497	5,602	4,200	4,310
Occoquan:						
Treated	22,652	22,614	22,731	22,615	22,084	22,632
Untreated	80	95	86	110	92	102
	22,732	22,709	22,817	22,725	22,176	22,734
Potomac	35,702	34,070	32,421	32,877	33,524	34,356
Total Supply	62,622	62,169	60,735	61,204	59,900	61,400
<u>Daily Average (mgd)</u>						
Occoquan	62.1	62.2	62.5	62.3	60.6	62.3
Potomac	97.6	93.3	88.8	90.1	91.6	94.1
Washington Aqueduct	11.4	14.8	15.1	15.3	11.5	11.8
Total	171.1	170.3	166.4	167.7	163.7	168.2

V. Revenues

- ♦ 2021 total revenues are estimated at \$196.0 million, as compared to \$193.4 million in 2020.
- ♦ Revenues from total water sales (inclusive of proposed retail rate revisions) are expected to increase by \$5.4 million or 3.3% in 2021.
- ♦ In 2021, revenues from connection charges are budgeted to decrease by 2.3% as compared to 2020.
- ♦ In 2017, wholesale revenues include \$26.6 million from Prince William County Service Authority for the purchase of additional capacity in Fairfax Water's system. In 2018, the Town of Herndon purchased additional capacity for \$6.1 million.

	Actual				Current	Budget
	2016	2017	2018	2019	Estimate 2020	2021
----- \$ Million -----						
<u>Revenues</u>						
Water Sales						
Wholesale	35.643	64.574	45.131	47.071	41.692	41.016
Retail	108.479	111.265	111.298	120.810	121.717	123.843
Subtotal	144.122	175.839	156.429	167.881	163.409	164.859
Connection Charges:						
Availability	12.005	11.503	11.866	13.070	10.800	10.500
Local Facility	.684	1.172	1.170	1.511	1.300	1.300
Service Connection	1.055	1.782	1.173	1.500	1.200	1.200
Investment Income	2.130	1.738	2.211	3.579	4.800	2.100
Sewer Service Billing Charges	7.118	5.973	6.585	6.728	6.800	6.800
Other Revenue	3.863	4.498	4.341	4.922	4.027	3.907
Bond Subsidy	1.058	1.057	1.060	1.064	1.068	1.070
Rate Revisions ⁽¹⁾	--	--	--	--	--	4.288
Total - Revenues	172.035	203.562	184.835	200.255	193.404	196.024

⁽¹⁾ The 2021 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2021.

VI. Current Expenses - Exhibits 2, 3, and 4

- ♦ Current Expenses are projected to increase 6.2% in 2021 as compared to the 2020 Current Estimate.
- ♦ The increase is mainly driven by three factors: (1) approximately \$2 million of purchased water expense to the Washington Aqueduct for FY20 pay-as-you-go capital expenditures that has been delayed to 2021; (2) due to the COVID-19 pandemic, some anticipated expenses (employee travel and meetings, customer relations, etc.) for 2020 were not incurred but are expected to occur in 2021; and (3) normal inflationary increases.

	Actual				Current Estimate 2020	Budget 2021
	2016	2017	2018	2019		
----- \$ Million -----						
<u>Current Expenses</u>						
Operation and Maintenance	84.557	89.234	94.218	93.149	97.652	103.752
Other	1.564	1.927	1.490	1.946	1.478	1.542
Total	86.121	91.161	95.708	95.095	99.130	105.294
 <u>Categories of Expense</u>						
<u>Operation and Maintenance</u>						
Supply Facilities	8.113	11.372	12.054	11.624	9.521	12.918
Treatment Facilities	22.426	22.460	23.295	23.521	25.091	25.728
Transmission System	5.253	5.186	5.237	5.377	5.545	5.670
Distribution System	17.306	17.913	20.459	19.650	21.793	21.970
Administrative and General	31.459	32.303	33.173	32.977	35.702	37.466
Total	84.557	89.234	94.218	93.149	97.652	103.752

Current Expenses (Continued)

Operation and Maintenance Expenses

- ♦ The following table depicts costs for major items of Operation and Maintenance expenses for the years 2016-2021.

	<u>Actual</u>				<u>Current Estimate 2020</u>	<u>Budget 2021</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>		
	----- \$ Million -----					
Operation and Maintenance	84.557	89.234	94.218	93.149	97.652	103.752
<u>Major Items of Expense</u>						
Personal Services	26.897	26.966	28.026	28.668	30.141	31.397
Employee Benefits	26.711	27.250	27.969	28.055	28.942	29.955
Power Purchased	9.211	9.144	9.256	9.569	9.600	9.600
Utilities	1.239	1.259	1.209	1.145	1.130	1.215
Water Treatment Chemicals	6.190	6.370	6.819	6.418	7.759	7.828
Residuals Management Chemicals	.073	.073	.112	.075	.110	.100
Purchased Water	3.827	7.272	7.645	7.129	5.014	8.364
Supplies and Materials	5.133	4.837	5.077	5.323	5.507	5.784
Insurance	1.104	1.151	.897	.949	1.230	1.100
Gasoline and Fuel	.476	.557	.684	.582	.535	.700
Postage	.620	.592	.592	.599	.586	.620
Printed Reports	.060	.060	.058	.058	.060	.063
Advertising	.059	.062	.043	.044	.048	.052
Customer Relations	.246	.245	.253	.210	.187	.270
Books, Periodicals and Dues	.106	.123	.098	.081	.095	.110
Contractual Services	9.964	10.697	12.836	11.912	13.779	14.102
Professional Services	.665	.973	.942	.921	1.336	1.298
Employee Training and Meetings	.326	.398	.383	.454	.172	.500
Programs	.997	1.047	1.326	1.104	1.377	1.230
Miscellaneous	.269	.149	.241	.233	.357	.227
Subtotal	<u>94.173</u>	<u>99.225</u>	<u>104.466</u>	<u>103.529</u>	<u>107.965</u>	<u>114.515</u>
Transfer to Improvement Fund	<u>(9.616)</u>	<u>(9.991)</u>	<u>(10.248)</u>	<u>(10.380)</u>	<u>(10.313)</u>	<u>(10.763)</u>
Total - Operation and Maintenance	84.557	89.234	94.218	93.149	97.652	103.752

VII. Net Revenues - Coverage

- ♦ Net Revenues are funds remaining after Current Expenses are deducted from Revenues.
- ♦ Net Revenues are allocated to: (1) Reserve for Current Expenses; (2) Debt Service Fund; (3) Reserve Fund; (4) Improvement Fund; and (5) General Fund.
- ♦ The following table depicts Net Revenues for the years 2016-2021:

	Actual				Current Estimate 2020	Budget 2021
	2016	2017	2018	2019		
----- \$ Million -----						
Revenues	172.035	203.562	184.835	200.255	193.404	196.024
Current Expenses	86.121	91.161	95.708	95.095	99.130	105.294
Net Revenues Defined	85.914	112.401	89.127	105.160	94.274	90.730
Transfer from Reserve Fund	.522	--	1.620	.909	1.486	1.037
Net Revenues - Total	86.436	112.401	90.747	106.069	95.760	91.767
 Debt Service	 41.417	 43.257	 42.981	 42.988	 40.711	 42.358
 Coverage	 2.09	 2.60	 2.11	 2.47	 2.35	 2.17

VIII. Debt Service Fund

- ♦ The Debt Service Fund was established to accumulate deposits necessary for the payment of the principal and interest on outstanding bond issues.
- ♦ In 2021, Fairfax Water's debt service will be \$42,358,365, which will provide a coverage ratio of 2.17. Coverage is derived by dividing Net Revenues by debt service. The debt service includes an additional \$1.7 million for an estimated six months of interest due on new debt of \$65 million expected to be issued in the second half of 2021.

IX. Reserve Fund

- ♦ The General Trust Indenture requires that the Reserve Fund be maintained at the "Reserve Requirement" which is defined in the Indenture to be an amount equal to the maximum amount of interest accruing on all outstanding bonds in the current or any future Bond Year. The current Reserve Requirement is \$16,438,365 which is funded with a Qualified Reserve Fund Substitute (Insurance) as well as approximately \$8 million in cash and securities.

X. Improvement Fund - Exhibit 5

The Improvement Fund is comprised of projects funded from Net Revenues and bond proceeds.

(1) Capital Improvement Program (Part A)

- ♦ The Part A Capital Improvement Program was completed in 2004.
- ♦ Financing requirements for this program were satisfied in 1994 by the issuance of \$76.3 million in Water Revenue Bonds.

(2) Capital Improvement Program (Part B)

- ♦ The Part B Capital Improvement Program includes projects in the Improvement Fund which are generally financed from Net Revenues, however, they may be funded from bond proceeds when appropriate. Projects include such items as major repairs to water mains, extensions of water mains, system improvements and the purchase of property and capital equipment, e.g., motor vehicles.

(3) Capital Improvement Program (Part C)

- ♦ The Part C Capital Improvement Program was completed in 2017.
- ♦ Financing for this program was satisfied with the issuance of revenue bonds and cash on hand.

(4) Capital Improvement Program (Part D)

- ♦ The Part D Capital Improvement Program will be completed in 2020.
- ♦ Financing for this program was satisfied with the issuance of revenue bonds and cash on hand.

(5) Capital Improvement Program (Part E)

- ♦ The Part E Capital Improvement Program currently has no planned projects for 2021.
- ♦ Financing for this program is from the issuance of revenue bonds and cash on hand.

(6) Summary of Improvement Fund Budget

- ♦ As depicted in the following table, it is expected that the Improvement Fund will have a balance of \$0.9 million on January 1, 2021. Improvement Fund receipts are estimated at \$85.0 million and expenditures are estimated at \$85.1 million, resulting in an expected balance of \$0.8 million on December 31, 2021.

Improvement Fund (Continued)

	Actual				Current Estimate 2020	Budget 2021
	2016	2017	2018	2019		
----- \$ Million -----						
Balance Carried Forward - January 1	1.298	0.843	23.642	.308	1.313	.925
<u>Receipts</u>						
Transfer from Revenue Fund	11.000	11.000	11.000	11.000	11.000	11.000
Transfer from General Fund	50.000	14.000	43.000	79.000	66.000	8.000
Bond Proceeds	--	75.531	--	.522	(.094)	65.000
Investment Income and Other	1.056	1.279	2.111	.699	3.334	1.000
Total - Receipts	<u>62.056</u>	<u>101.810</u>	<u>56.111</u>	<u>91.221</u>	<u>80.240</u>	<u>85.000</u>
<u>Disbursements</u>						
Part B Capital Improvement Program						
Materials and Supplies	.520	.417	(.053)	(.116)	.050	.090
Refunds of Advances	.027	.022	.016	.038	.020	.040
General Expenses	17.122	16.378	18.261	18.723	19.170	19.000
Subdivision/Development Projects	1.189	1.170	1.012	.851	1.008	1.010
Extraordinary Maintenance and Repair	19.891	22.396	39.698	43.759	41.472	35.376
Additions, Extensions and Betterments	20.560	29.235	16.468	23.051	16.940	26.852
General Studies	1.205	1.214	2.319	2.845	1.658	2.769
Part C Capital Improvement Program	.001	--	--	--	--	--
Part D Capital Improvement Program	1.607	6.848	1.660	.789	.250	--
Part E Capital Improvement Program	.389	1.331	.064	.276	.060	--
Total - Disbursements	<u>62.511</u>	<u>79.011</u>	<u>79.445</u>	<u>90.216</u>	<u>80.628</u>	<u>85.137</u>
Balance Carried Forward - December 31	.843	23.642	.308	1.313	.925	.788

XI. General Fund

- ♦ The General Fund was established to provide funding for special activities of Fairfax Water.
- ♦ Generally, Net Revenues in excess of those required to be deposited to the Debt Service Fund and Improvement Fund are deposited to the General Fund. It is expected that these funds will be subsequently transferred to the Improvement Fund.

	Actual				Current Estimate 2020	Budget 2021
	2016	2017	2018	2019		
	----- \$ Million -----					
General Fund Balance Forward						
January 1	118.731	102.260	146.163	142.921	106.344	84.393
December 31	102.260	146.163	142.921	106.344	84.393	114.802

XII. Personnel Requirements - Exhibits 6, 7, and 8

- ♦ The personnel complement is expected to remain constant in 2021 at a total of 475 authorized positions.
- ♦ Total 2021 personal services costs are estimated at \$44.225 million, of which \$32.660 million and \$11.565 million are estimated to be charged to the Revenue and Improvement Funds, respectively.
- ♦ The 2021 total budgeted personal services cost of \$44.225 million includes a cost-of-living adjustment of 0.8% effective the first pay period of 2021 based on the CPI-U for the 12-month period ending July 31, 2020.

	Actual				Current Estimate 2020	Budget 2021
	2016	2017	2018	2019		
Number of Employees Added	--	--	--	--	--	--
Total Employees Authorized	475	475	475	475	475	475
Total Payroll Cost (\$ Million)	37.709	38.548	39.828	40.469	42.455	44.225

Employees by Division

Management	50	50	50	48	49	49
Finance	109	109	109	110	109	109
Planning and Engineering	64	64	64	64	64	64
Technology	46	46	46	46	46	46
Production	82	82	82	82	82	82
Transmission and Distribution	124	124	124	125	125	125
Total	475	475	475	475	475	475

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021
DETAILS OF WATER SALES REVENUE

	2020 Budget				2020 Current Estimate				2021 Budget				% Increase / (Decrease)		
	Volume (MG)	Sales Revenue (\$1,000)	Demand Charges (\$1,000)	Total (\$1,000)	Volume (MG)	Sales Revenue (\$1,000)	Demand Charges (\$1,000)	Total (\$1,000)	Volume (MG)	Sales Revenue (\$1,000)	Demand Charges (\$1,000)	Total (\$1,000)	Volume	Sales Revenue	Demand Charges
Wholesale Water Sales															
Virginia-American Water															
Alexandria District	5,700	8,265	2,325	10,590	5,580	8,203	2,325	10,528	5,600	7,672	2,675	10,347	0.4	(6.5)	15.1
Prince William District	1,670	2,422	1,490	3,912	1,830	2,690	1,490	4,180	1,800	2,466	1,596	4,062	(1.6)	(8.3)	7.1
Dulles International Airport	295	378	69	447	205	289	69	358	250	423	69	492	22.0	46.4	--
Fort Belvoir	650	832	1,093	1,925	660	911	1,093	2,004	660	1,115	1,093	2,208	--	22.4	--
PWCSA	9,000	13,050	683	13,733	9,000	13,230	321	13,551	9,250	12,673	668	13,341	2.8	(4.2)	108.1
Town of Herndon	820	1,189	264	1,453	765	1,125	402	1,527	800	1,096	262	1,358	4.6	(2.6)	(34.8)
Loudoun Water	5,420	4,986	2,444	7,430	5,600	5,208	2,651	7,859	5,600	5,152	2,426	7,578	--	(1.1)	(8.5)
Town of Vienna	760	1,102	617	1,719	710	1,044	617	1,661	720	986	617	1,603	1.4	(5.6)	--
Untreated															
Vulcan Materials	80	21	--	21	70	18	--	18	80	21	--	21	14.3	16.7	--
PWCPA	2	1	--	1	2	1	--	1	2	1	--	1	--	--	--
Old Hickory	20	5	--	5	20	5	--	5	20	5	--	5	--	--	--
Total - Wholesale	24,417	32,251	8,985	41,236	24,442	32,724	8,968	41,692	24,782	31,610	9,406	41,016	1.4	(3.4)	4.9
Retail Water Sales *	30,500	124,969	--	124,969	29,500	121,717	--	121,717	30,500	127,835	--	127,835	3.4	5.0	--
Total - Water Sales	54,917	157,220	8,985	166,205	53,942	154,441	8,968	163,409	55,282	159,445	9,406	168,851	2.5	3.2	4.9

* Budget columns include revenue associated with proposed retail rate revisions.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021
DETAILS OF CURRENT EXPENSES

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Personal Services</u>				
Salaries-Regular	\$ 27,749,000	\$ 27,970,000	\$ 28,536,000	2.0
Salaries-Overtime	3,500,000	2,939,000	3,500,000	19.1
Salaries-Stand-By	118,000	124,000	124,000	--
Salaries-Summer	325,000	200,000	300,000	50.0
Salaries-Part-Time/Temporary	250,000	120,000	200,000	66.7
Subtotal	31,942,000	31,353,000	32,660,000	4.2
<u>Employee Benefits</u>				
OASDI-FICA	3,140,000	3,080,000	3,210,000	4.2
Health Insurance	5,850,000	5,800,000	5,850,000	0.9
Life Insurance	130,000	120,000	130,000	8.3
Disability Program	85,000	50,000	80,000	60.0
Retirement Program	20,150,000	19,800,000	20,590,000	4.0
Educational Reimbursement	60,000	65,000	65,000	--
Employee Assistance Program	15,000	15,000	15,000	--
Employee Awards Program	15,000	12,000	15,000	25.0
Subtotal	29,445,000	28,942,000	29,955,000	3.5
<u>Power Purchased</u>				
Electricity - Production/Transmission Facilities	9,700,000	9,600,000	9,600,000	--
<u>Utilities</u>				
Electricity - Administrative Facilities	330,000	320,000	330,000	3.1
Water and Sewer	265,000	260,000	270,000	3.8
Heating Oil	50,000	40,000	50,000	25.0
Heating Gas	450,000	360,000	400,000	11.1
Telephone	200,000	100,000	110,000	10.0
Trash Removal	65,000	50,000	55,000	10.0
Subtotal	1,360,000	1,130,000	1,215,000	7.5

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
Chemicals				
<i>Coagulants:</i>				
Poly Aluminum Chloride	\$ 2,747,000	\$ 2,299,000	\$ 2,405,000	4.6
Polymers	115,000	122,000	128,000	4.9
	2,862,000	2,421,000	2,533,000	4.6
<i>Disinfectant/Oxidant:</i>				
Sodium Hypochlorite	1,295,000	1,437,000	1,503,000	4.6
Ammonium Hydroxide	250,000	234,000	245,000	4.7
Liquid Oxygen	819,000	739,000	783,000	6.0
Potassium Permanganate	401,000	409,000	428,000	4.6
	2,765,000	2,819,000	2,959,000	5.0
<i>pH Adjustment:</i>				
Caustic Soda	602,000	417,000	436,000	4.6
Sulfuric Acid	90,000	223,000	233,000	4.5
	692,000	640,000	669,000	4.5
<i>Corrosion Inhibitor:</i>				
Phosphoric Acid	439,000	510,000	534,000	4.7
<i>Oral Health:</i>				
Hydrofluosilicic Acid (Fluoride)	275,000	255,000	267,000	4.7
<i>Ozone Quenching/Reducing Agent:</i>				
Calcium Thiosulfate	40,000	23,000	24,000	4.3
Sodium Bisulfate	25,000	26,000	27,000	3.8
	65,000	49,000	51,000	4.1
<i>Filter Media:</i>				
Granular Activated Carbon	700,000	1,065,000	815,000	(23.5)
	700,000	1,065,000	815,000	(23.5)
Subtotal	7,798,000	7,759,000	7,828,000	0.9

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Residuals Management Chemicals</u>				
Polymers	\$ 80,000	\$ 110,000	\$ 100,000	(9.1)
Subtotal	80,000	110,000	100,000	(9.1)
<u>Purchased Water</u>				
Arlington	--	2,000	2,000	--
Loudoun Water	12,000	12,000	12,000	--
Washington Aqueduct	7,800,000	5,000,000	8,350,000	67.0
Subtotal	7,812,000	5,014,000	8,364,000	66.8
<u>Supplies</u>				
Cleaning and Custodial	26,000	55,000	50,000	(9.1)
Vehicle and Automotive	335,000	325,000	340,000	4.6
Laboratory	700,000	600,000	650,000	8.3
Office	100,000	95,000	100,000	5.3
Computer	400,000	250,000	300,000	20.0
Mechanical and Electrical	194,000	198,000	200,000	1.0
Safety	218,000	325,000	300,000	(7.7)
Telephone and Communication	20,000	30,000	25,000	(16.7)
Photographic and Reproduction	90,000	70,000	80,000	14.3
Small Tools	285,000	295,000	298,000	1.0
Construction and Maintenance	860,000	782,000	850,000	8.7
Meter Parts and Supplies	160,000	85,000	120,000	41.2
Uniforms and Clothing	92,000	85,000	90,000	5.9
Security	30,000	25,000	30,000	20.0
Miscellaneous	100,000	150,000	125,000	(16.7)
Subtotal	3,610,000	3,370,000	3,558,000	5.6

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Materials</u>				
Service Connection	\$ 515,000	\$ 487,000	\$ 510,000	4.7
Meters	275,000	243,000	250,000	2.9
Hydrants and Appurtenances	168,000	140,000	150,000	7.1
Pipe and Appurtenances	270,000	220,000	240,000	9.1
Valves and Appurtenances	184,000	182,000	190,000	4.4
Pumps and Appurtenances	107,000	80,000	90,000	12.5
Instrumentation and SCADA	260,000	270,000	278,000	3.0
Automotive	10,000	9,000	10,000	11.1
Electrical and Electronics	240,000	215,000	230,000	7.0
Mechanical	165,000	100,000	150,000	50.0
Hardware/Small Tools	--	5,000	7,000	40.0
HVAC	85,000	86,000	90,000	4.7
Lube and Fluids	25,000	25,000	25,000	--
Treatment Media	105,000	201,000	135,000	(32.8)
Miscellaneous General Materials	85,000	140,000	150,000	7.1
Subtotal	2,494,000	2,403,000	2,505,000	4.2
<u>Insurance</u>				
Workmen's Compensation	360,000	410,000	400,000	(2.4)
Liability	350,000	358,000	225,000	(37.2)
Motor Vehicle	100,000	128,000	130,000	1.6
Property	295,000	282,000	285,000	1.1
Unemployment Compensation	10,000	10,000	10,000	--
Miscellaneous Insurance	50,000	42,000	50,000	19.0
Subtotal	1,165,000	1,230,000	1,100,000	(10.6)
<u>Gasoline and Fuel</u>				
Gasoline	560,000	430,000	550,000	27.9
Diesel Fuel	160,000	100,000	140,000	40.0
Other Fuel	10,000	5,000	10,000	100.0
Subtotal	730,000	535,000	700,000	30.8

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Postage and Parcel Service</u>				
Postage	\$ 580,000	\$ 550,000	\$ 580,000	5.5
Parcel Service	42,000	36,000	40,000	11.1
Subtotal	622,000	586,000	620,000	5.8
<u>Reports</u>				
Annual Report	5,000	2,000	2,000	--
Consumer Confidence Report	65,000	58,000	61,000	5.2
Subtotal	70,000	60,000	63,000	5.0
<u>Advertising</u>				
Recruiting	30,000	32,000	32,000	--
Other Advertising	20,000	16,000	20,000	25.0
Subtotal	50,000	48,000	52,000	8.3
<u>Customer Relations</u>				
Visitor Education Center	20,000	2,000	20,000	900.0
Special Tours and Programs	60,000	25,000	60,000	140.0
Printed Literature	70,000	70,000	70,000	--
Miscellaneous Customer Relations	120,000	90,000	120,000	33.3
Subtotal	270,000	187,000	270,000	44.4
<u>Books, Periodicals and Dues</u>				
Reference Materials	5,000	10,000	20,000	100.0
Periodical Subscriptions	20,000	10,000	10,000	--
Association Dues	80,000	75,000	80,000	6.7
Subtotal	105,000	95,000	110,000	15.8

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Contractual Services</u>				
Equipment Maintenance	\$ 1,100,000	\$ 980,000	\$ 1,100,000	12.2
Building/Grounds Maintenance	1,000,000	850,000	1,000,000	17.6
Computer Hosting Services	600,000	550,000	600,000	9.1
Equipment Rental	60,000	58,000	60,000	3.4
Uniform Rental	200,000	230,000	230,000	--
Computer Application Support and Licensing	1,980,000	2,580,000	2,600,000	0.8
Telephone and Communication	700,000	585,000	650,000	11.1
Residuals Management	450,000	351,000	400,000	14.0
Hazardous Waste Disposal	90,000	78,000	82,000	5.1
Pavement Replacement	4,000,000	4,808,000	4,028,000	(16.2)
Security	780,000	720,000	750,000	4.2
Electrical	280,000	264,000	270,000	2.3
Diving	70,000	50,000	55,000	10.0
Safety and Health	230,000	200,000	220,000	10.0
Temporary Staffing	100,000	120,000	350,000	191.7
Bill Print Services	250,000	235,000	250,000	6.4
Information Technology	400,000	200,000	300,000	50.0
Spoil Disposal	500,000	615,000	640,000	4.1
Lease - Central Maintenance Facility	233,000	180,000	237,000	31.7
Other Contractual Services	80,000	125,000	280,000	124.0
Subtotal	13,103,000	13,779,000	14,102,000	2.3
<u>Professional Services</u>				
Banking	160,000	150,000	170,000	13.3
Insurance	10,000	10,000	10,000	--
Financial	290,000	350,000	310,000	(11.4)
Legal	300,000	395,000	300,000	(24.1)
Trustee	40,000	30,000	40,000	33.3
Management Consultants	400,000	335,000	400,000	19.4
Advocacy Services	70,000	48,000	48,000	--
Other Professional Services	20,000	18,000	20,000	11.1
Subtotal	1,290,000	1,336,000	1,298,000	(2.8)

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Employee Training and Meetings</u>				
Employee Training	\$ 340,000	\$ 105,000	\$ 340,000	223.8
Professional Meetings	70,000	20,000	70,000	250.0
Board Travel	10,000	2,000	10,000	400.0
Miscellaneous Travel and Meetings	80,000	45,000	80,000	77.8
Subtotal	500,000	172,000	500,000	190.7
<u>Programs</u>				
Cross Connection Control	800,000	793,000	650,000	(18.0)
Utilities Notification	169,000	187,000	190,000	1.6
Potomac River Reservoirs	156,000	182,000	175,000	(3.8)
Virginia Technical Assistance Fund (State User Fees)	160,000	160,000	160,000	--
Water Supply Stakeholder Outreach Program	55,000	55,000	55,000	--
Subtotal	1,340,000	1,377,000	1,230,000	(10.7)
<u>Miscellaneous</u>				
Highway Permits	20,000	15,000	20,000	33.3
Professional Licenses	7,000	5,000	7,000	40.0
Injuries and Damages	100,000	267,000	100,000	(62.5)
Miscellaneous	100,000	70,000	100,000	42.9
Subtotal	227,000	357,000	227,000	(36.4)
Subtotal - Current Expenses	113,713,000	109,443,000	116,057,000	6.0
Less: Reimbursable Services	(10,313,000)	(10,313,000)	(10,763,000)	4.4
Total - Current Expenses	103,400,000	99,130,000	105,294,000	6.2

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021
SUMMARY OF CURRENT EXPENSES

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Operation and Maintenance Expenses</u>				
<u>Supply</u>				
<u>Occoquan</u>				
Personal Services	\$ 326,000	\$ 326,000	\$ 340,000	4.3
Power Purchased	1,075,000	1,056,000	1,056,000	--
Water Treatment Chemicals	58,000	46,000	42,000	(8.7)
Supplies and Materials	42,000	60,000	63,000	5.0
Contractual Services	112,000	95,000	102,000	7.4
Programs	55,000	55,000	55,000	--
Subtotal	1,668,000	1,638,000	1,658,000	1.2
<u>Potomac</u>				
Personal Services	320,000	297,000	309,000	4.0
Power Purchased	2,070,000	2,056,000	2,056,000	--
Utilities	52,000	65,000	70,000	7.7
Supplies and Materials	45,000	65,000	68,000	4.6
Contractual Services	204,000	157,000	169,000	7.6
Programs	156,000	182,000	175,000	(3.8)
Subtotal	2,847,000	2,822,000	2,847,000	0.9

<u>Item</u>	<u>2020</u>		<u>2021</u> <u>Budget</u>	<u>% Increase</u> <u>(Decrease)</u>
	<u>Budget</u>	<u>Current</u> <u>Estimate</u>		
<u>Purchased</u>				
Personal Services	\$ 39,000	\$ 43,000	\$ 45,000	4.7
Purchased Water	7,812,000	5,014,000	8,364,000	66.8
Contractual Services	3,000	4,000	4,000	- -
Subtotal	<u>7,854,000</u>	<u>5,061,000</u>	<u>8,413,000</u>	<u>66.2</u>
Total - Supply	12,369,000	9,521,000	12,918,000	35.7

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Treatment</u>				
<u>Griffith</u>				
Personal Services	\$ 4,188,000	\$ 4,271,000	\$ 4,449,000	4.2
Power Purchased	1,314,000	1,289,000	1,289,000	--
Utilities	124,000	112,000	120,000	7.1
Water Treatment Chemicals	4,948,000	4,560,000	4,536,000	(0.5)
Supplies and Materials	598,000	748,000	786,000	5.1
Contractual Services	715,000	687,000	713,000	3.8
Programs	80,000	80,000	80,000	--
Miscellaneous	6,000	6,000	4,000	(33.3)
Subtotal	11,973,000	11,753,000	11,977,000	1.9
<u>Corbalis</u>				
Personal Services	4,502,000	4,369,000	4,551,000	4.2
Power Purchased	2,525,000	2,508,000	2,508,000	--
Utilities	582,000	461,000	497,000	7.8
Water Treatment Chemicals	2,792,000	3,153,000	3,250,000	3.1
Waste Disposal Chemicals	80,000	110,000	100,000	(9.1)
Supplies and Materials	1,442,000	1,283,000	1,348,000	5.1
Contractual Services	1,624,000	1,362,000	1,404,000	3.1
Programs	80,000	80,000	80,000	--
Miscellaneous	12,000	12,000	13,000	8.3
Subtotal	13,639,000	13,338,000	13,751,000	3.1
Total - Treatment	25,612,000	25,091,000	25,728,000	2.5

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Transmission</u>				
<u>Transmission System</u>				
Personal Services	\$ 2,138,000	\$ 2,230,000	\$ 2,323,000	4.2
Power Purchased	2,716,000	2,691,000	2,691,000	--
Utilities	20,000	44,000	47,000	6.8
Supplies and Materials	276,000	198,000	208,000	5.1
Contractual Services	400,000	313,000	330,000	5.4
Programs	34,000	37,000	38,000	2.7
Subtotal	5,584,000	5,513,000	5,637,000	2.2
 <u>Wholesale Customer Accounts</u>				
Personal Services	34,000	32,000	33,000	3.1
Subtotal	34,000	32,000	33,000	3.1
Total - Transmission	5,618,000	5,545,000	5,670,000	2.3
 <u>Distribution</u>				
<u>Distribution System</u>				
Personal Services	4,235,000	4,226,000	4,402,000	4.2
Utilities	6,000	5,000	5,000	--
Supplies and Materials	1,012,000	953,000	1,001,000	5.0
Contractual Services	4,029,000	4,991,000	4,565,000	(8.5)
Programs	935,000	943,000	802,000	(15.0)
Miscellaneous	39,000	41,000	26,000	(36.6)
Subtotal	10,256,000	11,159,000	10,801,000	(3.2)

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Retail Customer Accounts</u>				
Personal Services	\$ 8,530,000	\$ 8,354,000	\$ 8,702,000	4.2
Utilities	3,000	3,000	3,000	--
Supplies and Materials	758,000	683,000	717,000	5.0
Postage and Parcel Service	556,000	509,000	539,000	5.9
Reports	65,000	58,000	58,000	--
Contractual Services	1,427,000	1,018,000	1,142,000	12.2
Miscellaneous	7,000	9,000	8,000	(11.1)
Subtotal	11,346,000	10,634,000	11,169,000	5.0
Total - Distribution	21,602,000	21,793,000	21,970,000	0.8
<u>Administrative and General</u>				
<u>Office Building</u>				
Personal Services	264,000	280,000	292,000	4.3
Utilities	373,000	266,000	286,000	7.5
Supplies and Materials	43,000	56,000	59,000	5.4
Contractual Services	288,000	321,000	329,000	2.5
Subtotal	968,000	923,000	966,000	4.7
<u>Shop and Storage Yards</u>				
Personal Services	625,000	520,000	542,000	4.2
Utilities	196,000	169,000	182,000	7.7
Supplies and Materials	354,000	195,000	205,000	5.1
Contractual Services	451,000	317,000	324,000	2.2
Subtotal	1,626,000	1,201,000	1,253,000	4.3

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Vehicles and Equipment</u>				
Personal Services	\$ 783,000	\$ 727,000	\$ 757,000	4.1
Supplies and Materials	426,000	382,000	401,000	5.0
Gasoline and Fuel	730,000	535,000	700,000	30.8
Contractual Services	40,000	36,000	37,000	2.8
Subtotal	1,979,000	1,680,000	1,895,000	12.8
<u>Administrative</u>				
Personal Services	4,591,000	4,466,000	4,652,000	4.2
Employee Benefits	29,445,000	28,942,000	29,955,000	3.5
Utilities	4,000	5,000	5,000	--
Supplies and Materials	717,000	884,000	928,000	5.0
Insurance	1,165,000	1,230,000	1,100,000	(10.6)
Postage and Parcel Service	66,000	77,000	81,000	5.2
Reports	5,000	2,000	5,000	150.0
Advertising	50,000	48,000	52,000	8.3
Customer Relations	270,000	187,000	270,000	44.4
Books, Periodicals and Dues	105,000	95,000	110,000	15.8
Contractual Services	3,810,000	4,478,000	4,983,000	11.3
Professional Services	1,290,000	1,336,000	1,298,000	(2.8)
Employee Training and Meetings	500,000	172,000	500,000	190.7
Miscellaneous	163,000	289,000	176,000	(39.1)
Subtotal	42,181,000	42,211,000	44,115,000	4.5
Total - Administrative and General	46,754,000	46,015,000	48,229,000	4.8
Less: Reimbursable Services	(10,313,000)	(10,313,000)	(10,763,000)	4.4
Total - Administrative and General	36,441,000	35,702,000	37,466,000	4.9
Total - Operation and Maintenance Expenses	101,642,000	97,652,000	103,752,000	6.2

Item	2020		2021 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Other Expenses</u>				
<u>New Services and Meters</u>				
Personal Services	\$ 1,363,000	\$ 1,210,000	\$ 1,260,000	4.1
Supplies and Materials	391,000	265,000	278,000	4.9
Subtotal	1,754,000	1,475,000	1,538,000	4.3
<u>Merchandising and Jobbing</u>				
Personal Services	4,000	2,000	3,000	50.0
Supplies and Materials	--	1,000	1,000	--
Subtotal	4,000	3,000	4,000	33.3
Total - Other Expenses	1,758,000	1,478,000	1,542,000	4.3
Total - Current Expenses	103,400,000	99,130,000	105,294,000	6.2

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021
ALLOCATION OF ADMINISTRATIVE EXPENSES BETWEEN
REVENUE FUND AND IMPROVEMENT FUND

	<u>Total</u>	<u>Allocated to</u> <u>Improvement Fund</u>	
		<u>Amount</u>	<u>% Total</u>
Personal Services Cost	\$ 44,225,000	\$ 11,565,000	26
Number of Motor Vehicles	331	26	8

	<u>Total</u>	<u>Allocated to</u> <u>Improvement Fund</u>	
		<u>Percent</u>	<u>Amount</u>
<u>Administrative</u>			
Office Facilities	\$ 966,000	26	\$ 251,000
Shop and Storage Yard Facilities	1,253,000	8	100,000
Maintenance of Equipment	1,895,000	8	152,000
Administrative and General			
Personal Services	4,652,000	--	--
Other Administrative Expenses	39,463,000	26	10,260,000
Total	48,229,000	22	10,763,000

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021
DETAILS OF IMPROVEMENT FUND

Item	Cash Receipts 2021
<u>Balance Carried Forward - January 1, 2021</u>	\$ 925,000
 <u>Receipts</u>	
Transfer from Revenue Fund	11,000,000
Transfer from General Fund	8,000,000
Bonds Proceeds	65,000,000
Advances for Construction	100,000
Contributions for Construction	800,000
Investment Income	50,000
Miscellaneous Income	50,000
Total - Receipts	85,000,000
 <u>Balance Carried Forward and Receipts</u>	 85,925,000

EXHIBIT 5

<u>Item</u>	<u>Total Project Cost</u>	<u>Disbursements Prior to Jan. 1, 2021</u>	<u>Cash Disbursements 2021</u>
Disbursements - Part B Capital Improvement Program			
<u>General and Administrative</u>			
Project 1194-General Expenses			
Personal Services	\$ 7,463,000	\$ --	\$ 7,463,000
Transfer to Revenue Fund (Administrative)	10,763,000	--	10,763,000
Materials (Inventory)	90,000	--	90,000
Refunds of Advances	40,000	--	40,000
Trust Engineer - Basic Ordering Agreement	50,000	--	50,000
Miscellaneous	724,000	--	724,000
Subtotal	<u>19,130,000</u>	<u>--</u>	<u>19,130,000</u>
Transfer to Part E Capital Improvement Program	--	--	--
Total - General and Administrative - Part B	<u>19,130,000</u>	<u>--</u>	<u>19,130,000</u>
<u>Subdivision and Other Development Projects</u>			
Project 1195-Subdivision Expenses			
Personal Services	960,000	--	960,000
Supplies and Materials	10,000	--	10,000
Miscellaneous	40,000	--	40,000
Total - Subdivision and Other Development Projects	<u>1,010,000</u>	<u>--</u>	<u>1,010,000</u>

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2021	Cash Disbursements 2021
<u>Extraordinary Maintenance and Repairs</u>			
Supply Facilities			
Project 577 Major Repairs-Reservoirs, Dams, Intakes, Etc.	\$ 500,000	\$ --	\$ 500,000
Project 1251 Potomac River Reservoirs-Renew/Replace	527,000	--	527,000
Project 1662 Annual Inspections-Upper/Lower Occoquan Dams	86,000	--	86,000
Subtotal	1,113,000	--	1,113,000
Treatment Facilities			
Project 579 Major Repairs-Treatment Facilities	1,400,000	--	1,400,000
Project 2350 Corbalis WTP-Solids Dewatering Equipment	24,547,000	4,645,000	--
Subtotal	25,947,000	4,645,000	1,400,000
Transmission Facilities			
Project 186A Major Repairs-Transmission Mains	853,000	--	853,000
Project 215A Major Repairs-Transmission Pumping	800,000	--	800,000
Project 631A Major Repairs-Transmission Storage	3,120,000	--	3,120,000
Project 648B Major Repairs-Sales Meters	20,000	--	20,000
<u>Transmission Mains Relocation Projects</u>			
Projects Previously Authorized	2,161,000	1,246,000	664,000
Other Anticipated Relocations - Distribution	12,056,000	55,000	494,000
Subtotal	19,010,000	1,301,000	5,951,000

EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2021	Cash Disbursements 2021
<u>Distribution Facilities</u>			
Project 186B Major Repairs-Distribution Mains	\$ 1,790,000	\$ --	\$ 1,790,000
Project 215B Major Repairs-Pumping Facilities	10,000	--	10,000
Project 631B Major Repairs-Storage Facilities	10,000	--	10,000
Project 648C Major Repairs-Distribution Meters Over 2"	100,000	--	100,000
Project 648D Major Repairs-Distribution Meters 2" and Smaller	1,200,000	--	1,200,000
Project 649 Major Repairs/Repainting-Fire Hydrants	100,000	--	100,000
Project 1107B Self Insurance Program/Water Main Breaks	750,000	--	750,000
Project 2200 Distribution System Sustainability Program	427,557,000	165,357,000	20,900,000
 <u>Distribution Mains Relocation Projects</u>			
Projects Previously Authorized	243,000	177,000	90,000
Other Anticipated Relocations - Distribution	7,250,000	--	500,000
Subtotal	439,010,000	165,534,000	25,450,000
 <u>General Plant Facilities</u>			
Project 234 Major Repairs-Motor Vehicles	40,000	--	40,000
Project 650 Major Repairs-Shop and Yard Facilities	100,000	--	100,000
Project 800 Major Repairs-Construction Equipment	10,000	--	10,000
Project 801 Major Repairs-Office Facilities	300,000	--	300,000
Project 2351 Surplus Property Demolition and Disposal	312,000	192,000	12,000
Project 2609 Willard Road Maintenance Facility	60,599,000	8,457,000	1,000,000
Subtotal	61,361,000	8,649,000	1,462,000
 Total - Extraordinary Maintenance and Repairs	 546,441,000	 180,129,000	 35,376,000

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2021	Cash Disbursements 2021
<u>Additions, Extensions and Betterments</u>			
Supply Facilities			
Project 1244 Jennings Randolph Reservoir	\$ 537,000	\$ --	\$ 537,000
Project 1460A Major Additions-Metering Facilities-Purchased Water	10,000	--	10,000
Project 1499 Improvements-Supply Facilities	750,000	--	750,000
Project 2071 Future Water Supply Sources	1,279,000	1,079,000	20,000
Subtotal	2,576,000	1,079,000	1,317,000
Treatment Facilities			
Project 915 Improvements to Treatment Facilities	2,000,000	--	2,000,000
Subtotal	2,000,000	--	2,000,000
Transmission Facilities			
Project 1285 Additions and Improvements-Pumping Facilities	1,625,000	--	1,625,000
Project 1286 Additions and Improvements-Storage Facilities	10,000	--	10,000
Project 1460B Major Additions-Metering Facilities-Sales	20,000	--	20,000
Project 1719 Cathodic Protection Transmission Water Mains	100,000	--	100,000
Project 1877 Pumping Station Modifications	17,069,000	6,629,000	189,000
Project 2111 Water Main Extension Program-Transmission System	9,392,000	2,064,000	--
Project 2377 Prince William County Transmission Improvements	16,605,000	2,359,000	3,663,000
Project 2607 Chesterbrook House Demolition	204,000	1,000	203,000
Project 2617 Dulles Toll Road Crossing at Innovation Center	3,800,000	403,000	1,552,000
Project 2641 Powhatan Street Transmission Plan	2,506,000	153,000	2,240,000
Project 2642 Herndon Additional Capacity Transmission Improvements	4,533,000	336,000	1,755,000
Project xxxx First High-Main Service PRV Vault at Griffith	407,000	--	--
General Transmission System Reinforcement	2,260,000	85,000	375,000
Subtotal	58,531,000	12,030,000	11,732,000
Distribution Facilities			
Project 1287 Additions and Improvements-Pumping Facilities	10,000	--	10,000
Project 1288 Additions and Improvements-Storage Facilities	10,000	--	10,000
Project 2100 Water Main Extension Program-Distribution System	8,335,000	5,335,000	300,000
General Distribution System Reinforcement	3,000,000	--	300,000
Subtotal	11,355,000	5,335,000	620,000

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2021	Cash Disbursements 2021
General Plant Facilities			
Project 597 Additions and Alterations-Shop Facilities	\$ 10,000	\$ --	\$ 10,000
Project 803 Additions and Alterations-Office Facilities	50,000	--	50,000
Project 2366 Electronic Security Surveillance Improvements	300,000	--	300,000
Project 2608 Central Maintenance Facility	41,941,000	14,277,000	3,590,000
Project 3652 Capital Equipment Purchases	1,000,000	--	1,000,000
Project 3653 Vehicles and Heavy Equipment	1,320,000	--	1,320,000
Subtotal	44,621,000	14,277,000	6,270,000
System Integration Transmission Facilities			
Project 2545 Lee Highway Transmission Main	9,499,000	9,081,000	418,000
Project 2547 University Tank Replacement	8,946,000	8,924,000	22,000
Project 2548 Seven Corners Tank Replacement	13,343,000	1,038,000	566,000
Project 2549 Second High Storage Elevation	20,327,000	166,000	1,622,000
Project 2560 Haycock- Poplar Heights Pressure Zone Modifications	3,692,000	3,646,000	46,000
Project 2644 George Mason Pumping Station Bypass	534,000	434,000	100,000
Project 2663 Chain Bridge Pumping Station Upgrades	2,565,000	2,091,000	474,000
Project 2665 Willston Pressure Zone Improvements	1,069,000	404,000	665,000
Project 2672 Sleepy Hollow Road Pump Station	4,253,000	351,000	350,000
Project 2681 Sleepy Hollow Road Pump Station Transmission Mains	6,405,000	160,000	650,000
Project xxxx Braddock Road Transmission Main-Phase II	1,913,000	--	--
Project xxxx Second High-Hospital PRV Vault at Lewinsville	934,000	--	--
Project xxxx Lewinsville Connector Transmission Main	1,913,000	--	--
Subtotal	75,393,000	26,295,000	4,913,000
Total - Additions, Extensions and Betterments	194,476,000	59,016,000	26,852,000

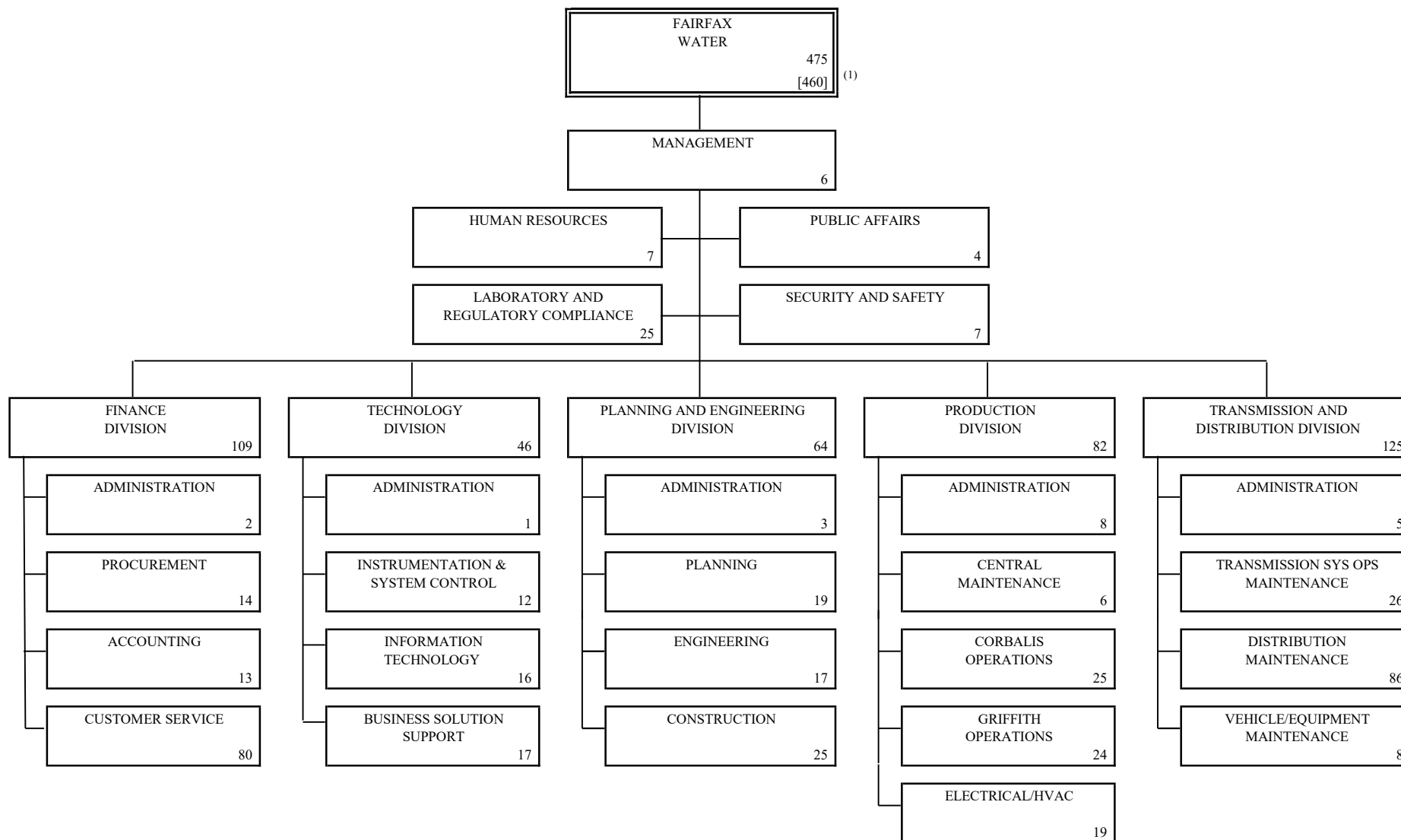
EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2021	Cash Disbursements 2021
<u>General Studies and Programs</u>			
Supply Facilities			
Project 390 Watershed Management Activities	\$ 1,241,000	\$ --	\$ 1,241,000
Project 2368 Water Supply Planning	1,000	--	1,000
Subtotal	1,242,000	--	1,242,000
Treatment Facilities			
Project 1401 Water Quality Improvement Studies	50,000	--	50,000
Subtotal	50,000	--	50,000
General and Administrative			
Project 1477 Water Research Foundation	135,000	--	135,000
Project 2324 Enterprise Geographical Information System	6,622,000	4,322,000	300,000
Project 2422 Environmental Permitting and Compliance	10,000	--	10,000
Project 2426 ERP Enhancements and Upgrade	7,474,000	2,474,000	500,000
Project 2441 Communication Lease Handling	10,000	--	10,000
Project 2508 Water Quality and Security Program	2,008,000	468,000	130,000
Project 2620 Intranet and Information Sharing	1,429,000	829,000	50,000
Project 2656 Training Room AV Upgrade	57,000	7,000	5,000
Project 2679 Electrical Systems Master Plan	561,000	224,000	337,000
Subtotal	18,306,000	8,324,000	1,477,000
Total - General Studies and Programs	19,598,000	8,324,000	2,769,000
Total - Part B Capital Improvement Program	780,655,000	247,469,000	85,137,000

EXHIBIT 5

<u>Item</u>	<u>Total Project Cost</u>	<u>Disbursements Prior to Jan. 1, 2021</u>	<u>Cash Disbursements 2021</u>
Disbursements - Part E Capital Improvement Program			
Transmission Facilities			
Project 2481 Tysons East Transmission Main	\$ 10,366,000	\$ 6,106,000	\$ --
Subtotal	<u>10,366,000</u>	<u>6,106,000</u>	<u>--</u>
General Plant Facilities			
Project 2517 General and Administrative - Part E	3,790,000	2,090,000	--
Subtotal	<u>3,790,000</u>	<u>2,090,000</u>	<u>--</u>
Total - Part E Capital Improvement Program	<u>14,156,000</u>	<u>8,196,000</u>	<u>--</u>
<u>Total - Improvement Fund</u>	<u>794,811,000</u>	<u>255,665,000</u>	<u>85,137,000</u>
<u>Balance Carried Forward - December 31, 2021</u>			<u>788,000</u>

FAIRFAX WATER PERSONNEL ORGANIZATION PLAN FOR THE YEAR ENDING DECEMBER 31, 2021



⁽¹⁾ Average estimated positions filled throughout 2021.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021
DERIVATION OF PERSONAL SERVICES COSTS

<u>Base Salaries</u>	<u>2020 Budget</u>		<u>2020 Current Estimate ⁽¹⁾</u>		<u>2021 Budget</u>	
Management (Includes Members' Fees)	49	\$ 4,979,000	49	\$ 4,621,000	49	\$ 5,118,000
Finance Division	109	7,675,000	109	7,534,000	109	7,727,000
Planning and Engineering Division	64	6,594,000	64	6,318,000	64	6,799,000
Technology Division	46	5,486,000	46	4,986,000	46	5,546,000
Transmission and Distribution Division	125	8,274,000	125	8,191,000	125	8,466,000
Production Division	82	6,853,000	82	6,695,000	82	6,968,000
Subtotal - Base Salaries	<u>475</u>	<u>39,861,000</u>	<u>475</u>	<u>38,345,000</u>	<u>475</u>	<u>40,624,000</u>
 <u>Adjustments</u>						
Less Allowance for Vacancies		<u>(1,600,000)</u>		<u>--</u>		<u>(1,280,000)</u>
Subtotal		38,261,000		38,345,000		39,344,000
Plus Overtime		3,950,000		3,610,000		3,950,000
Plus Salaries for Summer/Temporary Employees		<u>600,000</u>		<u>500,000</u>		<u>600,000</u>
Subtotal		42,811,000		42,455,000		43,894,000
Plus Allowance for 0.8% Cost-of-Living Increase Effective the First Pay Period of 2021		<u>483,000</u>		<u>--</u>		<u>331,000</u>
Total - Personal Services		<u><u>43,294,000</u></u>		<u><u>42,455,000</u></u>		<u><u>44,225,000</u></u>

⁽¹⁾ Base salaries for 2020 Current Estimate includes a 1.2% cost-of-living increase.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021
ALLOCATION OF PERSONAL SERVICES COSTS
REVENUE AND IMPROVEMENT FUNDS

<u>REVENUE FUND</u>	2020		2021 Budget
	Budget	Current Estimate	
<u>Operation and Maintenance</u>			
Supply			
Occoquan	\$ 326,000	\$ 326,000	\$ 340,000
Potomac	320,000	297,000	309,000
Purchased	39,000	43,000	45,000
	<u>685,000</u>	<u>666,000</u>	<u>694,000</u>
Treatment			
Griffith	4,188,000	4,271,000	4,449,000
Potomac	4,502,000	4,369,000	4,551,000
	<u>8,690,000</u>	<u>8,640,000</u>	<u>9,000,000</u>
Transmission			
Transmission System	2,138,000	2,230,000	2,323,000
Wholesale Accounts	34,000	32,000	33,000
	<u>2,172,000</u>	<u>2,262,000</u>	<u>2,356,000</u>
Distribution			
Distribution System	4,235,000	4,226,000	4,402,000
Retail Accounts	8,530,000	8,354,000	8,702,000
	<u>12,765,000</u>	<u>12,580,000</u>	<u>13,104,000</u>
Administrative			
General Plant	1,672,000	1,527,000	1,591,000
Administrative	4,591,000	4,466,000	4,652,000
	<u>6,263,000</u>	<u>5,993,000</u>	<u>6,243,000</u>
Total - Operations and Maintenance	<u>30,575,000</u>	<u>30,141,000</u>	<u>31,397,000</u>

	2020		
	Budget	Current Estimate	2021 Budget
<u>Other</u>			
New Services and Meters	\$ 1,363,000	\$ 1,210,000	\$ 1,260,000
Merchandising and Jobbing	4,000	2,000	3,000
Total - Other	<u>1,367,000</u>	<u>1,212,000</u>	<u>1,263,000</u>
Total - Revenue Fund	<u>31,942,000</u>	<u>31,353,000</u>	<u>32,660,000</u>
<u>IMPROVEMENT FUND</u>			
General	7,122,000	7,075,000	7,463,000
Subdivision and Development	980,000	1,011,000	960,000
Extraordinary Maintenance	2,372,000	2,424,000	2,526,000
Additions and Extensions	684,000	389,000	405,000
Special Studies	194,000	203,000	211,000
Total - Improvement Fund	<u>11,352,000</u>	<u>11,102,000</u>	<u>11,565,000</u>
Total - Personal Services	<u><u>43,294,000</u></u>	<u><u>42,455,000</u></u>	<u><u>44,225,000</u></u>