



2022 ANNUAL BUDGET

**Adopted
December 16, 2021**

The Annual Budget covers the 65th 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 46% of the total water sales volume of Fairfax Water in 2022.

The 2022 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2022. It is intended that these proposed charges would be considered for adoption at Fairfax Water's meeting of December 16, 2021, 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, 2022

<u>REVENUE FUND</u>	<u>2021</u>		<u>2022</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	\$ 10,347,000	\$ 10,515,000	\$ 10,515,000
Prince William District	4,062,000	4,116,000	4,417,000
Prince William County Service Authority	13,341,000	12,154,000	19,204,000
Loudoun Water	7,578,000	7,447,000	7,951,000
Town of Herndon	1,358,000	1,169,000	1,312,000
Fort Belvoir	2,208,000	1,972,000	2,023,000
Dulles International Airport	492,000	458,000	508,000
Town of Vienna	1,603,000	1,737,000	1,737,000
Prince William County Park Authority	1,000	--	1,000
Vulcan Materials Company	21,000	19,000	21,000
Old Hickory Golf Course	5,000	5,000	5,000
Total - Wholesale Revenue	<u>41,016,000</u>	<u>39,592,000</u>	<u>47,694,000</u>
Retail Revenue (Commodity and Billing)	<u>123,843,000</u>	<u>128,438,000</u>	<u>129,300,000</u>
Total - Wholesale and Retail Revenue	<u>164,859,000</u>	<u>168,030,000</u>	<u>176,994,000</u>

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

	2021		2022 Budget
	Budget	Current Estimate	
<u>Other Revenues</u>			
Availability Charges	\$ 10,500,000	\$ 14,000,000	\$ 11,000,000
Local Facility Charges	1,300,000	1,400,000	1,300,000
Service Connection Charges	1,200,000	1,600,000	1,200,000
Account Charges	1,100,000	1,100,000	1,150,000
Delinquent Account Charges	250,000	50,000	400,000
Returned Check Charges	55,000	55,000	55,000
Sewer Service Billing Charges	6,800,000	7,300,000	7,200,000
Merchandising and Jobbing	150,000	145,000	150,000
Fire Hydrant Permit Fees	730,000	760,000	760,000
Laboratory Services	82,000	75,000	80,000
Investment Income	2,100,000	2,150,000	1,900,000
Lease Income	1,310,000	1,320,000	1,150,000
Sale of Scrap Material	50,000	170,000	50,000
Bad Debt Recovery	10,000	35,000	10,000
Bond Subsidy	1,070,000	1,070,000	1,070,000
Miscellaneous	170,000	90,000	100,000
Total - Other Revenues	<u>26,877,000</u>	<u>31,320,000</u>	<u>27,575,000</u>
Rate Revisions ⁽¹⁾	<u>4,288,000</u>	<u>- -</u>	<u>3,381,000</u>
Total - Revenues	196,024,000	199,350,000	207,950,000

⁽¹⁾ The 2022 Annual Budget contains a provision for revisions to certain rates, fees, and charges proposed to be effective April 1, 2022.

	2021		2022
	<u>Budget</u>	<u>Current Estimate</u>	<u>Budget</u>
<u>CURRENT EXPENSES</u>			
<u>Operation and Maintenance Expenses</u>			
Supply Facilities	\$ 12,918,000	\$ 11,446,000	\$ 12,748,000
Treatment Facilities	25,728,000	23,664,000	25,693,000
Transmission System	5,670,000	5,605,000	5,903,000
Distribution System	21,970,000	19,920,000	21,478,000
Administrative and General	<u>37,466,000</u>	<u>34,718,000</u>	<u>38,682,000</u>
Total - Operation and Maintenance Expenses	103,752,000	95,353,000	104,504,000
<u>Other Expenses</u>			
New Services and Meters	1,538,000	1,939,000	2,107,000
Merchandising and Jobbing	<u>4,000</u>	<u>3,000</u>	<u>4,000</u>
Total - Other Expenses	<u>1,542,000</u>	<u>1,942,000</u>	<u>2,111,000</u>
Total - Current Expenses	<u>105,294,000</u>	<u>97,295,000</u>	<u>106,615,000</u>
<u>NET REVENUES</u>			
Net Revenues Defined	90,730,000	102,055,000	101,335,000
Transfer from Reserve Fund	<u>1,037,000</u>	<u>1,037,000</u>	<u>71,000</u>
Total Net Revenues	<u>91,767,000</u>	<u>103,092,000</u>	<u>101,406,000</u>
<u>DEBT SERVICE COVERAGE</u>			
Net Revenues	91,767,000	103,092,000	101,406,000
Annual Principal and Interest Requirements	42,358,365	44,325,735	42,484,307
Coverage	2.17	2.33	2.39

	2021		2022 Budget
	Budget	Current Estimate	
<u>DEBT SERVICE FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 31,236,403	\$ 31,208,939	\$ 34,756,570
<u>Receipts</u>			
Transfer from Revenue Fund	42,358,365	44,325,735	42,484,307
Investment Income	250,000	358,000	100,000
Total - Receipts	<u>42,608,365</u>	<u>44,683,735</u>	<u>42,584,307</u>
<u>Disbursements</u>			
Interest Payable - April 1 and October 1	16,957,083	17,543,104	19,247,686
Principal Payable - April 1	23,235,000	23,235,000	25,600,000
Transfer of Investment Income to Revenue Fund	250,000	358,000	100,000
Total - Disbursements	<u>40,442,083</u>	<u>41,136,104</u>	<u>44,947,686</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>33,402,685</u>	<u>34,756,570</u>	<u>32,393,191</u>

	2021		2022 Budget
	Budget	Current Estimate	
<u>RESERVE FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 9,503,000	\$ 9,527,000	\$ 10,777,000
<u>Receipts</u>			
Transfer from General Fund	--	1,098,000	--
Transfer from Bond Proceeds	--	1,189,000	--
Investment Income	120,000	96,000	70,000
Total - Receipts	<u>120,000</u>	<u>2,383,000</u>	<u>70,000</u>
<u>Disbursements</u>			
Transfer of Investment Income to Revenue Fund	120,000	96,000	70,000
Transfer of Excess Requirement to Revenue Fund	1,037,000	1,037,000	71,000
Total - Disbursements	<u>1,157,000</u>	<u>1,133,000</u>	<u>141,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>8,466,000</u>	<u>10,777,000</u>	<u>10,706,000</u>

	2021		2022 Budget
	Budget	Current Estimate	
<u>IMPROVEMENT FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 925,000	\$ 10,153,000	\$ 58,176,000
<u>Receipts</u>			
Transfer from Revenue Fund	11,000,000	11,000,000	11,000,000
Transfer from General Fund	8,000,000	8,000,000	41,000,000
Bond Proceeds	65,000,000	100,342,000	- -
Advances for Construction	100,000	400,000	100,000
Contributions for Construction	800,000	2,136,000	1,200,000
Investment Income	50,000	250,000	500,000
Miscellaneous	50,000	10,000	50,000
Total - Receipts	<u>85,000,000</u>	<u>122,138,000</u>	<u>53,850,000</u>
<u>Disbursements</u>			
Part B Capital Improvement Program			
Materials and Supplies	90,000	320,000	90,000
Refunds - Advances for Construction	40,000	50,000	40,000
General Expenses	19,000,000	19,390,000	19,340,000
Subdivision and Other Development Projects	1,010,000	1,030,000	1,010,000
Extraordinary Maintenance and Repairs	35,376,000	35,280,000	44,370,000
Additions, Extensions and Betterments	26,852,000	15,780,000	42,620,000
General Studies	2,769,000	2,180,000	3,499,000
Part E Capital Improvement Program	- -	85,000	105,000
Total - Disbursements	<u>85,137,000</u>	<u>74,115,000</u>	<u>111,074,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>788,000</u>	<u>58,176,000</u>	<u>952,000</u>

	2021		2022
	Budget	Current Estimate	Budget
<u>GENERAL FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 84,393,000	\$ 88,780,000	\$ 127,448,000
<u>Receipts</u>			
Transfer from Revenue Fund (Net Revenues)	38,409,000	47,766,000	47,922,000
Investment Income	1,600,000	1,600,000	1,600,000
Total - Receipts	<u>40,009,000</u>	<u>49,366,000</u>	<u>49,522,000</u>
<u>Disbursements</u>			
Transfer of Investment Income to Revenue Fund	1,600,000	1,600,000	1,600,000
Transfer to Improvement Fund	8,000,000	8,000,000	41,000,000
Transfer to Reserve Fund	--	1,098,000	--
Total - Disbursements	<u>9,600,000</u>	<u>10,698,000</u>	<u>42,600,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>114,802,000</u>	<u>127,448,000</u>	<u>134,370,000</u>



DETAILS AND SUPPORTING DATA

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2022

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I. Highlights of 2022 Annual Budget

Category	2021 Budget	2021 Current Estimate	2022 Budget	% Increase (Decrease)
Retail Customer Accounts Added	300	185	300	62.2
Retail Equivalent 5/8" Units Added	2,430	3,180	2,500	(21.4)
Retail Customers - End of Year	282,247	282,053	282,353	0.1
Wholesale Water Sales (mg)	24,782	25,585	25,862	1.1
Retail Water Sales (mg)	30,500	29,800	30,000	0.7
Total Water Sales (mg)	55,282	55,385	55,862	0.9
Water Sales Revenue (\$ million)	168.851	168.030	180.140	7.2
Water Produced and Purchased (mg)	61,400	61,500	62,100	1.0
Water Produced and Purchased (mgd)	168.2	168.5	170.1	0.9
Total Revenues (\$ million)	196.024	199.350	207.950	4.3
Current Expenses (\$ million)	105.294	97.295	106.615	9.6
Net Revenues (\$ million)	91.767	103.092	101.406	(1.6)
Total Debt Service (\$ million)	42.358	44.326	42.484	(4.2)
Debt Service Coverage	2.17	2.33	2.39	2.6
Authorized Employees	475	475	475	--

Highlights of 2022 Annual Budget (Continued)

- ♦ 300 retail customers are projected to be added in 2022, 115 more than the number projected for 2021. A total of 282,353 customers are expected to be served at the end of 2022.
- ♦ Water sales are estimated to be 55.9 billion gallons in 2022, as compared to 55.4 billion gallons in 2021.
- ♦ Average daily production is expected to be 170.1 million gallons per day (mgd) in 2022, as compared to 168.5 mgd in 2021.
- ♦ Revenues are expected to be \$208.0 million in 2022, as compared to \$199.4 million in 2021.
- ♦ The 2022 Annual Budget contains a provision for revisions to certain rates, fees, and charges proposed to be effective April 1, 2022.
- ♦ Current Expenses are projected to be \$106.6 million in 2022, a 9.6% increase as compared to the 2021 Current Estimate and a 1.3% increase from the 2021 Budget.
- ♦ Net Revenues are projected to be \$101.4 million in 2022, as compared to \$103.1 million in 2021.
- ♦ Debt service coverage is projected at 2.39 in 2022, as compared to 2.33 in 2021.
- ♦ It is expected that the Improvement Fund will have a cash balance of \$58.2 million on January 1, 2022. Improvement Fund receipts are estimated at \$53.9 million and expenditures are estimated at \$111.1 million in 2022, resulting in an expected balance of \$1.0 million on December 31, 2022.
- ♦ It is expected that the General Fund will have a balance of \$134.4 million at the end of 2022.
- ♦ In 2022 the authorized staff complement is expected to remain constant at a total of 475 employees.
- ♦ Expected payroll costs of \$46.200 million in 2022 represents a 4.5% increase from the \$44.225 million budgeted in 2021.

II. Customer Growth

- ♦ Applications for new services in 2022 are projected to be 333 less than the number currently estimated for 2021 and 296 less than the actual number of applications received in 2020.
- ♦ 300 customer accounts are expected to be added in 2022.
- ♦ Single family and townhouse units comprise 94% of all retail customers.

	<u>Actual</u>				<u>Current Estimate 2021</u>	<u>Budget 2022</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>		
<u>Customers</u>						
Number of Applications Received	808	557	669	796	833	500
Number of Services Installed	808	505	681	438	809	300
Number of Customer Accounts Added (net)	171	246	368	364	185	300
Number of Equivalent 5/8" Units Added	2,805	2,878	3,087	3,184	3,180	2,500
 <u>Total Customers (End-of-Year)</u>						
Single Family	187,207	187,194	187,173	187,144	187,085	187,024
Townhouse	77,010	77,219	77,544	77,883	78,088	78,400
Apartment	4,067	4,079	4,084	4,104	4,120	4,140
Commercial/Industrial	11,131	11,153	11,200	11,227	11,250	11,278
Municipal/Institutional	1,405	1,410	1,415	1,420	1,420	1,421
Restricted Service	70	81	88	90	90	90
	<u>280,890</u>	<u>281,136</u>	<u>281,504</u>	<u>281,868</u>	<u>282,053</u>	<u>282,353</u>
 <u>Sales Per Customer</u>						
Retail Customers (Average)	280,805	281,013	281,320	281,686	281,961	282,203
Retail Water Sales (mg)	30,590	29,787	30,854	29,821	29,800	30,000
Sales Per Customer (1,000 gal)	109	106	110	106	106	106

III. Water Sales

- ♦ Total water sales are expected to increase 0.9% in 2022 as compared to 2021.
- ♦ Total water sales are expected to increase 2.6% in 2021 as compared to 2020.

	Actual				Current Estimate 2021	Budget 2022
	2017	2018	2019	2020		
<u>Water Sales</u>						
<u>Wholesale</u>						
Million Gallons	25,233	25,193	24,649	24,177	25,585	25,862
Daily Average (mgd)	69.1	69.0	67.5	66.0	70.1	70.9
% of Total Sales	45	46	44	45	46	46
<u>Retail</u>						
Million Gallons	30,590	29,787	30,854	29,821	29,800	30,000
Daily Average (mgd)	83.8	81.6	84.5	81.5	81.6	82.1
% of Total Sales	55	54	56	55	54	54
<u>Total</u>						
Million Gallons	55,823	54,980	55,503	53,998	55,385	55,862
Daily Average (mgd)	152.9	150.6	152.1	147.5	151.7	153.0

IV. Water Production (Supply)

- ♦ Water production is expected to average 170.1 mgd in 2022, as compared to 168.5 mgd in 2021.
- ♦ Occoquan River water production is expected to account for 39.2% of total production in 2022.
- ♦ Potomac River water production is expected to account for 53.5% of total production in 2022.
- ♦ Purchased water from the Washington Aqueduct is expected to account for 7.3% of total production in 2022.

	Actual				Current Estimate 2021	Budget 2022
	2017	2018	2019	2020		
<u>Supply vs. Sales (mg)</u>						
Water Supply	62,169	60,735	61,204	58,476	61,500	62,100
Water Sales	55,823	54,980	55,503	53,998	55,385	55,862
Non-Revenue Water:						
Quantity	6,346	5,755	5,701	4,478	6,115	6,238
As a % of Supply	10.2	9.5	9.3	7.7	10.0	10.0
<u>Sources of Supply (mg)</u>						
Purchased	5,390	5,497	5,602	4,170	4,480	4,520
Occoquan:						
Treated	22,614	22,731	22,615	21,610	24,009	24,242
Untreated	95	86	110	90	95	102
	22,709	22,817	22,725	21,700	24,104	24,344
Potomac	34,070	32,421	32,877	32,606	32,916	33,236
Total Supply	62,169	60,735	61,204	58,476	61,500	62,100
<u>Daily Average (mgd)</u>						
Occoquan	62.2	62.5	62.3	59.3	66.0	66.7
Potomac	93.3	88.8	90.1	89.1	90.2	91.0
Washington Aqueduct	14.8	15.1	15.3	11.4	12.3	12.4
Total	170.3	166.4	167.7	159.8	168.5	170.1

V. Revenues

- ♦ 2022 total revenues are estimated at \$208.0 million, as compared to \$199.4 million in 2021.
- ♦ Revenues from total water sales (inclusive of proposed retail rate revisions) are expected to increase by \$12.1 million or 7.2% in 2022.
- ♦ In 2022, revenues from connection charges are budgeted to decrease by 20.6% as compared to 2021.
- ♦ 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.
- ♦ In 2022, wholesale revenues include \$5.5 million from Prince William County Service Authority and Virginia American - Prince William District for the Occoquan Tunnel Crossing project.

	Actual				Current Estimate 2021	Budget 2022
	2017	2018	2019	2020		
----- \$ Million -----						
<u>Revenues</u>						
Water Sales						
Wholesale	64.574	45.131	47.071	41.117	39.592	47.694
Retail	111.265	111.298	120.810	121.225	128.438	129.300
Subtotal	175.839	156.429	167.881	162.342	168.030	176.994
Connection Charges:						
Availability	11.503	11.866	13.070	13.674	14.000	11.000
Local Facility	1.172	1.170	1.511	1.385	1.400	1.300
Service Connection	1.782	1.173	1.500	1.481	1.600	1.200
Investment Income	1.738	2.211	3.579	5.296	2.150	1.900
Sewer Service Billing Charges	5.973	6.585	6.728	6.986	7.300	7.200
Other Revenue	4.498	4.341	4.922	4.193	3.800	3.905
Bond Subsidy	1.057	1.060	1.064	1.074	1.070	1.070
Rate Revisions ⁽¹⁾	--	--	--	--	--	3.381
Total - Revenues	203.562	184.835	200.255	196.431	199.350	207.950

⁽¹⁾ The 2022 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2022.

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

- ◆ Current Expenses are projected to increase 9.6% in 2022 as compared to the 2021 Current Estimate.
- ◆ The increase is mainly driven by three factors: (1) approximately \$1.7 million of purchased water expense to the Washington Aqueduct for FY20 and FY21 pay-as-you-go capital expenditures that has been delayed to 2022; (2) due to the COVID-19 pandemic, some anticipated expenses (employee travel and meetings, customer relations, etc.) for 2021 were not incurred but are expected to occur in 2022; and (3) inflationary increases.

	<u>Actual</u>				<u>Current Estimate 2021</u>	<u>Budget 2022</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>		
----- \$ Million -----						
<u>Current Expenses</u>						
Operation and Maintenance	89.234	94.218	93.149	96.316	95.353	104.504
Other	1.927	1.490	1.946	1.792	1.942	2.111
Total	<u>91.161</u>	<u>95.708</u>	<u>95.095</u>	<u>98.108</u>	<u>97.295</u>	<u>106.615</u>

Categories of Expense

Operation and Maintenance

Supply Facilities	11.372	12.054	11.624	9.466	11.446	12.748
Treatment Facilities	22.460	23.295	23.521	24.861	23.664	25.693
Transmission System	5.186	5.237	5.377	5.364	5.605	5.903
Distribution System	17.913	20.459	19.650	21.315	19.920	21.478
Administrative and General	32.303	33.173	32.977	35.310	34.718	38.682
Total	<u>89.234</u>	<u>94.218</u>	<u>93.149</u>	<u>96.316</u>	<u>95.353</u>	<u>104.504</u>

Current Expenses (Continued)

Operation and Maintenance Expenses

- ♦ The following table depicts costs for major items of Operation and Maintenance expenses for the years 2017-2022.

	<u>Actual</u>				<u>Current Estimate 2021</u>	<u>Budget 2022</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>		
	----- \$ Million -----					
Operation and Maintenance	89.234	94.218	93.149	96.316	95.353	104.504
<u>Major Items of Expense</u>						
Personal Services	26.966	28.026	28.668	30.368	29.629	32.560
Employee Benefits	27.250	27.969	28.055	29.042	28.750	31.025
Power Purchased	9.144	9.256	9.569	9.341	9.500	9.600
Utilities	1.259	1.209	1.145	1.047	1.097	1.195
Water Treatment Chemicals	6.370	6.819	6.418	7.743	7.558	8.588
Residuals Management Chemicals	.073	.112	.075	.111	.079	.100
Purchased Water	7.272	7.645	7.129	5.153	6.863	8.013
Supplies and Materials	4.837	5.077	5.323	5.212	4.984	5.272
Insurance	1.151	.897	.949	1.222	1.157	1.214
Gasoline and Fuel	.557	.684	.582	.480	.680	.753
Postage	.592	.592	.599	.578	.585	.618
Printed Reports	.060	.058	.058	.059	.059	.064
Advertising	.062	.043	.044	.040	.051	.056
Customer Relations	.245	.253	.210	.162	.080	.270
Books, Periodicals and Dues	.123	.098	.081	.130	.102	.110
Contractual Services	10.697	12.836	11.912	13.071	11.737	12.526
Professional Services	.973	.942	.921	1.157	1.254	1.249
Employee Training and Meetings	.398	.383	.454	.142	.174	.500
Programs	1.047	1.326	1.104	1.220	1.517	1.503
Miscellaneous	.149	.241	.233	.351	.260	.237
Subtotal	<u>99.225</u>	<u>104.466</u>	<u>103.529</u>	<u>106.629</u>	<u>106.116</u>	<u>115.453</u>
Transfer to Improvement Fund	<u>(9.991)</u>	<u>(10.248)</u>	<u>(10.380)</u>	<u>(10.313)</u>	<u>(10.763)</u>	<u>(10.949)</u>
Total - Operation and Maintenance	<u>89.234</u>	<u>94.218</u>	<u>93.149</u>	<u>96.316</u>	<u>95.353</u>	<u>104.504</u>

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 2017-2022:

	Actual				Current Estimate 2021	Budget 2022
	2017	2018	2019	2020		
----- \$ Million -----						
Revenues	203.562	184.835	200.255	196.431	199.350	207.950
Current Expenses	91.161	95.708	95.095	98.108	97.295	106.615
Net Revenues Defined	112.401	89.127	105.160	98.323	102.055	101.335
Transfer from Reserve Fund	-	1.620	.909	1.487	1.037	.071
Net Revenues - Total	112.401	90.747	106.069	99.810	103.092	101.406
 Debt Service	 43.257	 42.981	 42.988	 40.711	 44.326	 42.484
 Coverage	 2.60	 2.11	 2.47	 2.45	 2.33	 2.39

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 2022, Fairfax Water's debt service will be \$42,484,307, which will provide a coverage ratio of 2.39. Coverage is derived by dividing Net Revenues by debt service.

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 \$18,654,307 which is funded with a Qualified Reserve Fund Substitute (Insurance) as well as approximately \$11 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 was 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 is currently estimated to cost \$0.105 million in 2022 of which \$0.085 million relates to expansion of transmission facilities in Tysons Corner and \$0.020 million relates to General Plant Facilities.
- ♦ 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 \$58.2 million on January 1, 2022. Improvement Fund receipts are estimated at \$53.9 million and expenditures are estimated at \$111.1 million, resulting in an expected balance of \$1.0 million on December 31, 2022.

Improvement Fund (Continued)

	Actual				Current Estimate 2021	Budget 2022
	2017	2018	2019	2020		
----- \$ Million -----						
Balance Carried Forward - January 1	.843	23.642	.308	1.313	10.153	58.176
<u>Receipts</u>						
Transfer from Revenue Fund	11.000	11.000	11.000	11.000	11.000	11.000
Transfer from General Fund	14.000	43.000	79.000	70.000	8.000	41.000
Bond Proceeds	75.531	--	.522	(.094)	100.342	--
Investment Income and Other	1.279	2.111	.699	5.157	2.796	1.850
Total - Receipts	<u>101.810</u>	<u>56.111</u>	<u>91.221</u>	<u>86.063</u>	<u>122.138</u>	<u>53.850</u>
<u>Disbursements</u>						
Part B Capital Improvement Program						
Materials and Supplies	.417	(.053)	(.116)	(.209)	.320	.090
Refunds of Advances	.022	.016	.038	.019	.050	.040
General Expenses	16.378	18.261	18.723	19.188	19.390	19.340
Subdivision/Development Projects	1.170	1.012	.851	1.077	1.030	1.010
Extraordinary Maintenance and Repair	22.396	39.698	43.759	38.829	35.280	44.370
Additions, Extensions and Betterments	29.235	16.468	23.051	16.146	15.780	42.620
General Studies	1.214	2.319	2.845	1.925	2.180	3.499
Part D Capital Improvement Program	6.848	1.660	.789	.248	--	--
Part E Capital Improvement Program	1.331	.064	.276	--	.085	.105
Total - Disbursements	<u>79.011</u>	<u>79.445</u>	<u>90.216</u>	<u>77.223</u>	<u>74.115</u>	<u>111.074</u>
Balance Carried Forward - December 31	23.642	.308	1.313	10.153	58.176	.952

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 2021	Budget 2022
	2017	2018	2019	2020		
	----- \$ Million -----					
General Fund Balance Forward						
January 1	102.260	146.163	142.921	106.344	88.780	127.448
December 31	146.163	142.921	106.344	88.780	127.448	134.370

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

- ♦ The personnel complement is expected to remain constant in 2022 at a total of 475 authorized positions.
- ♦ Total 2022 personal services costs are estimated at \$46.200 million, of which \$34.075 million and \$12.125 million are estimated to be charged to the Revenue and Improvement Funds, respectively.
- ♦ The 2022 total budgeted personal services cost of \$46.200 million includes a cost-of-living adjustment of 4.4% effective the first pay period of 2022 based on the CPI-U for the 12-month period ending July 31, 2021.

	Actual				Current Estimate 2021	Budget 2022
	2017	2018	2019	2020		
Number of Employees Added	--	--	--	--	--	--
Total Employees Authorized	475	475	475	475	475	475
Total Payroll Cost (\$ Million)	38.548	39.828	40.469	42.795	42.041	46.200

Employees by Division

Management	50	50	48	49	28	28
Administration	--	--	--	--	20	20
Finance	109	109	110	109	110	110
Planning and Engineering	64	64	64	64	60	60
Technology	46	46	46	46	50	50
Production	82	82	82	82	82	82
Transmission and Distribution	124	124	125	125	125	125
Total	475	475	475	475	475	475

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022
DETAILS OF WATER SALES REVENUE

	2021 Budget				2021 Current Estimate				2022 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	5,600	7,672	2,675	10,347	5,600	7,840	2,675	10,515	5,600	7,840	2,675	10,515	--	--	--
Prince William District	1,800	2,466	1,596	4,062	1,800	2,520	1,596	4,116	1,800	2,520	1,897	4,417	--	--	18.9
Dulles International Airport	250	423	69	492	230	389	69	458	260	439	69	508	13.0	12.9	--
Fort Belvoir	660	1,115	1,093	2,208	520	879	1,093	1,972	550	930	1,093	2,023	5.8	5.8	--
PWCSA	9,250	12,673	668	13,341	9,300	13,020	(866)	12,154	9,500	13,300	5,904	19,204	2.2	2.2	781.8
Town of Herndon	800	1,096	262	1,358	740	1,036	133	1,169	750	1,050	262	1,312	1.4	1.4	97.0
Loudoun Water	5,600	5,152	2,426	7,578	6,500	5,525	1,922	7,447	6,500	5,525	2,426	7,951	--	--	26.2
Town of Vienna	720	986	617	1,603	800	1,120	617	1,737	800	1,120	617	1,737	--	--	--
Untreated															
Vulcan Materials	80	21	--	21	74	19	--	19	80	21	--	21	8.1	10.5	--
PWCPA	2	1	--	1	1	0	--	0	2	1	--	1	100.0	100.0	--
Old Hickory	20	5	--	5	20	5	--	5	20	5	--	5	--	--	--
Total - Wholesale	24,782	31,610	9,406	41,016	25,585	32,353	7,239	39,592	25,862	32,751	14,943	47,694	1.1	1.2	106.4
Retail Water Sales *	30,500	127,835	--	127,835	29,800	128,438	--	128,438	30,000	132,446	--	132,446	0.7	3.1	--
Total - Water Sales	55,282	159,445	9,406	168,851	55,385	160,791	7,239	168,030	55,862	165,197	14,943	180,140	0.9	2.7	106.4

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

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022
DETAILS OF CURRENT EXPENSES

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Personal Services</u>				
Salaries-Regular	\$ 28,536,000	\$ 27,488,000	\$ 30,110,000	9.5
Salaries-Overtime	3,500,000	3,057,000	3,295,000	7.8
Salaries-Stand-By	124,000	107,000	120,000	12.1
Salaries-Summer	300,000	110,000	300,000	172.7
Salaries-Part-Time/Temporary	200,000	245,000	250,000	2.0
Subtotal	32,660,000	31,007,000	34,075,000	9.9
<u>Employee Benefits</u>				
OASDI-FICA	3,210,000	3,050,000	3,350,000	9.8
Health Insurance	5,850,000	5,770,000	5,850,000	1.4
Life Insurance	130,000	120,000	130,000	8.3
Disability Program	80,000	80,000	80,000	--
Retirement Program	20,590,000	19,640,000	21,520,000	9.6
Educational Reimbursement	65,000	60,000	65,000	8.3
Employee Assistance Program	15,000	15,000	15,000	--
Employee Awards Program	15,000	15,000	15,000	--
Subtotal	29,955,000	28,750,000	31,025,000	7.9
<u>Power Purchased</u>				
Electricity - Production/Transmission Facilities	9,600,000	9,500,000	9,600,000	1.1
<u>Utilities</u>				
Electricity - Administrative Facilities	330,000	310,000	320,000	3.2
Water and Sewer	270,000	250,000	265,000	6.0
Heating Oil	50,000	40,000	50,000	25.0
Heating Gas	400,000	350,000	400,000	14.3
Telephone	110,000	90,000	100,000	11.1
Trash Removal	55,000	57,000	60,000	5.3
Subtotal	1,215,000	1,097,000	1,195,000	8.9

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
Chemicals				
<i>Coagulants:</i>				
Poly Aluminum Chloride	\$ 2,405,000	\$ 3,013,000	\$ 3,239,000	7.5
Polymers	128,000	110,000	118,000	7.3
	2,533,000	3,123,000	3,357,000	7.5
<i>Disinfectant/Oxidant:</i>				
Sodium Hypochlorite	1,503,000	1,455,000	1,756,000	20.7
Ammonium Hydroxide	245,000	179,000	193,000	7.8
Liquid Oxygen	783,000	561,000	603,000	7.5
Potassium Permanganate	428,000	474,000	509,000	7.4
	2,959,000	2,669,000	3,061,000	14.7
<i>pH Adjustment:</i>				
Caustic Soda	436,000	342,000	368,000	7.6
Sulfuric Acid	233,000	188,000	202,000	7.4
	669,000	530,000	570,000	7.5
<i>Corrosion Inhibitor:</i>				
Phosphoric Acid	534,000	381,000	410,000	7.6
<i>Oral Health:</i>				
Hydrofluosilicic Acid (Fluoride)	267,000	256,000	275,000	7.4
<i>Ozone Quenching/Reducing Agent:</i>				
Calcium Thiosulfate	24,000	22,000	24,000	9.1
Sodium Bisulfate	27,000	38,000	41,000	7.9
	51,000	60,000	65,000	8.3
<i>Filter Media:</i>				
Granular Activated Carbon	815,000	539,000	850,000	57.7
	815,000	539,000	850,000	57.7
Subtotal	7,828,000	7,558,000	8,588,000	13.6

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Residuals Management Chemicals</u>				
Polymers	\$ 100,000	\$ 79,000	\$ 100,000	26.6
Subtotal	100,000	79,000	100,000	26.6
<u>Purchased Water</u>				
Arlington	2,000	--	--	--
Loudoun Water	12,000	13,000	13,000	--
Washington Aqueduct	8,350,000	6,850,000	8,000,000	16.8
Subtotal	8,364,000	6,863,000	8,013,000	16.8
<u>Supplies</u>				
Cleaning and Custodial	50,000	47,000	50,000	6.4
Vehicle and Automotive	340,000	315,000	330,000	4.8
Laboratory	650,000	500,000	600,000	20.0
Office	100,000	115,000	100,000	(13.0)
Computer	300,000	195,000	200,000	2.6
Mechanical and Electrical	200,000	211,000	215,000	1.9
Safety	300,000	280,000	300,000	7.1
Telephone and Communication	25,000	15,000	25,000	66.7
Photographic and Reproduction	80,000	54,000	65,000	20.4
Small Tools	298,000	342,000	360,000	5.3
Construction and Maintenance	850,000	737,000	775,000	5.2
Meter Parts and Supplies	120,000	95,000	110,000	15.8
Uniforms and Clothing	90,000	70,000	80,000	14.3
Security	30,000	20,000	25,000	25.0
Miscellaneous	125,000	135,000	135,000	--
Subtotal	3,558,000	3,131,000	3,370,000	7.6

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Materials</u>				
Service Connection	\$ 510,000	\$ 608,000	\$ 626,000	3.0
Meters	250,000	165,000	170,000	3.0
Hydrants and Appurtenances	150,000	136,000	140,000	2.9
Pipe and Appurtenances	240,000	334,000	344,000	3.0
Valves and Appurtenances	190,000	151,000	156,000	3.3
Pumps and Appurtenances	90,000	55,000	57,000	3.6
Instrumentation and SCADA	278,000	295,000	310,000	5.1
Automotive	10,000	9,000	10,000	11.1
Electrical and Electronics	230,000	224,000	230,000	2.7
Mechanical	150,000	78,000	80,000	2.6
Hardware/Small Tools	7,000	9,000	10,000	11.1
HVAC	90,000	102,000	105,000	2.9
Lube and Fluids	25,000	21,000	25,000	19.0
Treatment Media	135,000	150,000	150,000	- -
Miscellaneous General Materials	150,000	80,000	85,000	6.3
Subtotal	2,505,000	2,417,000	2,498,000	3.4
<u>Insurance</u>				
Workmen's Compensation	400,000	458,000	487,000	6.3
Liability	225,000	240,000	245,000	2.1
Motor Vehicle	130,000	110,000	120,000	9.1
Property	285,000	297,000	302,000	1.7
Unemployment Compensation	10,000	10,000	10,000	- -
Miscellaneous Insurance	50,000	42,000	50,000	19.0
Subtotal	1,100,000	1,157,000	1,214,000	4.9
<u>Gasoline and Fuel</u>				
Gasoline	550,000	575,000	633,000	10.1
Diesel Fuel	140,000	100,000	110,000	10.0
Other Fuel	10,000	5,000	10,000	100.0
Subtotal	700,000	680,000	753,000	10.7

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Postage and Parcel Service</u>				
Postage	\$ 580,000	\$ 550,000	\$ 580,000	5.5
Parcel Service	40,000	35,000	38,000	8.6
Subtotal	620,000	585,000	618,000	5.6
<u>Reports</u>				
Annual Report	2,000	1,000	2,000	100.0
Consumer Confidence Report	61,000	58,000	62,000	6.9
Subtotal	63,000	59,000	64,000	8.5
<u>Advertising</u>				
Recruiting	32,000	36,000	36,000	--
Other Advertising	20,000	15,000	20,000	33.3
Subtotal	52,000	51,000	56,000	9.8
<u>Customer Relations</u>				
Visitor Education Center	20,000	--	20,000	100.0
Special Tours and Programs	60,000	--	60,000	100.0
Printed Literature	70,000	70,000	70,000	--
Miscellaneous Customer Relations	120,000	10,000	120,000	1100.0
Subtotal	270,000	80,000	270,000	237.5
<u>Books, Periodicals and Dues</u>				
Reference Materials	20,000	7,000	10,000	42.9
Periodical Subscriptions	10,000	8,000	10,000	25.0
Association Dues	80,000	87,000	90,000	3.4
Subtotal	110,000	102,000	110,000	7.8

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Contractual Services</u>				
Equipment Maintenance	\$ 1,100,000	\$ 900,000	\$ 1,100,000	22.2
Building/Grounds Maintenance	1,000,000	850,000	1,000,000	17.6
Computer Hosting Services	600,000	380,000	400,000	5.3
Equipment Rental	60,000	55,000	60,000	9.1
Uniform Rental	230,000	254,000	260,000	2.4
Computer Application Support and Licensing	2,600,000	2,830,000	2,980,000	5.3
Telephone and Communication	650,000	630,000	650,000	3.2
Residuals Management	400,000	330,000	400,000	21.2
Hazardous Waste Disposal	82,000	84,000	84,000	--
Pavement Replacement	4,028,000	2,000,000	2,300,000	15.0
Security	750,000	848,000	800,000	(5.7)
Electrical	270,000	203,000	220,000	8.4
Diving	55,000	50,000	55,000	10.0
Safety and Health	220,000	148,000	200,000	35.1
Temporary Staffing	350,000	192,000	200,000	4.2
Bill Print Services	250,000	228,000	250,000	9.6
Information Technology	300,000	500,000	300,000	(40.0)
Spoil Disposal	640,000	825,000	825,000	--
Lease - Central Maintenance Facility	237,000	180,000	242,000	34.4
Other Contractual Services	280,000	250,000	200,000	(20.0)
Subtotal	14,102,000	11,737,000	12,526,000	6.7
<u>Professional Services</u>				
Banking	170,000	165,000	170,000	3.0
Insurance	10,000	5,000	10,000	100.0
Financial	310,000	290,000	310,000	6.9
Legal	300,000	288,000	300,000	4.2
Trustee	40,000	38,000	41,000	7.9
Management Consultants	400,000	340,000	350,000	2.9
Advocacy Services	48,000	48,000	48,000	--
Other Professional Services	20,000	80,000	20,000	(75.0)
Subtotal	1,298,000	1,254,000	1,249,000	(0.4)

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Employee Training and Meetings</u>				
Employee Training	\$ 340,000	\$ 122,000	\$ 340,000	178.7
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	30,000	80,000	166.7
Subtotal	500,000	174,000	500,000	187.4
<u>Programs</u>				
Cross Connection Control	650,000	890,000	753,000	(15.4)
Utilities Notification	190,000	190,000	195,000	2.6
Potomac River Reservoirs	175,000	222,000	225,000	1.4
Virginia Technical Assistance Fund (State User Fees)	160,000	160,000	160,000	--
Sustainability Initiative	--	--	100,000	100.0
Water Supply Stakeholder Outreach Program	55,000	55,000	70,000	27.3
Subtotal	1,230,000	1,517,000	1,503,000	(0.9)
<u>Miscellaneous</u>				
Highway Permits	20,000	12,000	20,000	66.7
Professional Licenses	7,000	7,000	7,000	--
Injuries and Damages	100,000	151,000	100,000	(33.8)
Miscellaneous	100,000	90,000	110,000	22.2
Subtotal	227,000	260,000	237,000	(8.8)
Subtotal - Current Expenses	116,057,000	108,058,000	117,564,000	8.8
Less: Reimbursable Services	(10,763,000)	(10,763,000)	(10,949,000)	1.7
Total - Current Expenses	<u>105,294,000</u>	<u>97,295,000</u>	<u>106,615,000</u>	<u>9.6</u>

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022
SUMMARY OF CURRENT EXPENSES

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Operation and Maintenance Expenses</u>				
<u>Supply</u>				
<u>Occoquan</u>				
Personal Services	\$ 340,000	\$ 340,000	\$ 374,000	10.0
Power Purchased	1,056,000	1,078,000	1,089,000	1.0
Water Treatment Chemicals	42,000	58,000	59,000	1.7
Supplies and Materials	63,000	36,000	38,000	5.6
Contractual Services	102,000	83,000	89,000	7.2
Programs	55,000	55,000	70,000	27.3
Subtotal	1,658,000	1,650,000	1,719,000	4.2
 <u>Potomac</u>				
Personal Services	309,000	329,000	362,000	10.0
Power Purchased	2,056,000	2,018,000	2,039,000	1.0
Utilities	70,000	78,000	85,000	9.0
Supplies and Materials	68,000	87,000	92,000	5.7
Contractual Services	169,000	151,000	161,000	6.6
Programs	175,000	222,000	225,000	1.4
Subtotal	2,847,000	2,885,000	2,964,000	2.7

<u>Item</u>	<u>2021</u>		<u>2022</u> <u>Budget</u>	<u>% Increase</u> <u>(Decrease)</u>
	<u>Budget</u>	<u>Current</u> <u>Estimate</u>		
<u>Purchased</u>				
Personal Services	\$ 45,000	\$ 44,000	\$ 48,000	9.1
Purchased Water	8,364,000	6,863,000	8,013,000	16.8
Contractual Services	4,000	4,000	4,000	- -
Subtotal	<u>8,413,000</u>	<u>6,911,000</u>	<u>8,065,000</u>	<u>16.7</u>
Total - Supply	12,918,000	11,446,000	12,748,000	11.4

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Treatment</u>				
<u>Griffith</u>				
Personal Services	\$ 4,449,000	\$ 3,980,000	\$ 4,374,000	9.9
Power Purchased	1,289,000	1,317,000	1,331,000	1.1
Utilities	120,000	105,000	114,000	8.6
Water Treatment Chemicals	4,536,000	4,512,000	5,070,000	12.4
Supplies and Materials	786,000	477,000	505,000	5.9
Contractual Services	713,000	645,000	648,000	0.5
Programs	80,000	80,000	80,000	--
Miscellaneous	4,000	8,000	7,000	(12.5)
Subtotal	11,977,000	11,124,000	12,129,000	9.0
<u>Corbalis</u>				
Personal Services	4,551,000	4,191,000	4,606,000	9.9
Power Purchased	2,508,000	2,460,000	2,486,000	1.1
Utilities	497,000	409,000	446,000	9.0
Water Treatment Chemicals	3,250,000	2,988,000	3,459,000	15.8
Waste Disposal Chemicals	100,000	79,000	100,000	26.6
Supplies and Materials	1,348,000	1,100,000	1,163,000	5.7
Contractual Services	1,404,000	1,224,000	1,216,000	(0.7)
Programs	80,000	80,000	80,000	--
Miscellaneous	13,000	9,000	8,000	(11.1)
Subtotal	13,751,000	12,540,000	13,564,000	8.2
Total - Treatment	25,728,000	23,664,000	25,693,000	8.6

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Transmission</u>				
<u>Transmission System</u>				
Personal Services	\$ 2,323,000	\$ 2,284,000	\$ 2,510,000	9.9
Power Purchased	2,691,000	2,627,000	2,655,000	1.1
Utilities	47,000	20,000	22,000	10.0
Supplies and Materials	208,000	300,000	317,000	5.7
Contractual Services	330,000	305,000	326,000	6.9
Programs	38,000	38,000	39,000	2.6
Subtotal	5,637,000	5,574,000	5,869,000	5.3
 <u>Wholesale Customer Accounts</u>				
Personal Services	33,000	31,000	34,000	9.7
Subtotal	33,000	31,000	34,000	9.7
Total - Transmission	5,670,000	5,605,000	5,903,000	5.3
 <u>Distribution</u>				
<u>Distribution System</u>				
Personal Services	4,402,000	3,978,000	4,372,000	9.9
Utilities	5,000	42,000	46,000	9.5
Supplies and Materials	1,001,000	1,237,000	1,309,000	5.8
Contractual Services	4,565,000	3,175,000	3,458,000	8.9
Programs	802,000	1,042,000	909,000	(12.8)
Miscellaneous	26,000	51,000	46,000	(9.8)
Subtotal	10,801,000	9,525,000	10,140,000	6.5

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Retail Customer Accounts</u>				
Personal Services	\$ 8,702,000	\$ 8,228,000	\$ 9,040,000	9.9
Utilities	3,000	3,000	3,000	--
Supplies and Materials	717,000	567,000	600,000	5.8
Postage and Parcel Service	539,000	527,000	557,000	5.7
Reports	58,000	58,000	62,000	6.9
Contractual Services	1,142,000	989,000	1,055,000	6.7
Miscellaneous	8,000	23,000	21,000	(8.7)
Subtotal	11,169,000	10,395,000	11,338,000	9.1
Total - Distribution	21,970,000	19,920,000	21,478,000	7.8
<u>Administrative and General</u>				
<u>Office Building</u>				
Personal Services	292,000	292,000	321,000	9.9
Utilities	286,000	267,000	291,000	9.0
Supplies and Materials	59,000	134,000	142,000	6.0
Contractual Services	329,000	291,000	286,000	(1.7)
Subtotal	966,000	984,000	1,040,000	5.7
<u>Shop and Storage Yards</u>				
Personal Services	542,000	504,000	554,000	9.9
Utilities	182,000	168,000	183,000	8.9
Supplies and Materials	205,000	179,000	189,000	5.6
Contractual Services	324,000	299,000	294,000	(1.7)
Subtotal	1,253,000	1,150,000	1,220,000	6.1

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Vehicles and Equipment</u>				
Personal Services	\$ 757,000	\$ 716,000	\$ 787,000	9.9
Supplies and Materials	401,000	378,000	400,000	5.8
Gasoline and Fuel	700,000	680,000	753,000	10.7
Contractual Services	37,000	30,000	37,000	23.3
Subtotal	1,895,000	1,804,000	1,977,000	9.6
<u>Administrative</u>				
Personal Services	4,652,000	4,712,000	5,178,000	9.9
Employee Benefits	29,955,000	28,750,000	31,025,000	7.9
Utilities	5,000	5,000	5,000	--
Supplies and Materials	928,000	489,000	517,000	5.7
Insurance	1,100,000	1,157,000	1,214,000	4.9
Postage and Parcel Service	81,000	58,000	61,000	5.2
Reports	5,000	1,000	2,000	100.0
Advertising	52,000	51,000	56,000	9.8
Customer Relations	270,000	80,000	270,000	237.5
Books, Periodicals and Dues	110,000	102,000	110,000	7.8
Contractual Services	4,983,000	4,541,000	4,952,000	9.1
Professional Services	1,298,000	1,254,000	1,249,000	(0.4)
Employee Training and Meetings	500,000	174,000	500,000	187.4
Programs	--	--	100,000	100.0
Miscellaneous	176,000	169,000	155,000	(8.3)
Subtotal	44,115,000	41,543,000	45,394,000	9.3
Total - Administrative and General	48,229,000	45,481,000	49,631,000	9.1
Less: Reimbursable Services	(10,763,000)	(10,763,000)	(10,949,000)	1.7
Total - Administrative and General	37,466,000	34,718,000	38,682,000	11.4
Total - Operation and Maintenance Expenses	103,752,000	95,353,000	104,504,000	9.6

Item	2021		2022 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Other Expenses</u>				
<u>New Services and Meters</u>				
Personal Services	\$ 1,260,000	\$ 1,376,000	\$ 1,512,000	9.9
Supplies and Materials	278,000	563,000	595,000	5.7
Subtotal	1,538,000	1,939,000	2,107,000	8.7
<u>Merchandising and Jobbing</u>				
Personal Services	3,000	2,000	3,000	50.0
Supplies and Materials	1,000	1,000	1,000	- -
Subtotal	4,000	3,000	4,000	33.3
Total - Other Expenses	1,542,000	1,942,000	2,111,000	8.7
Total - Current Expenses	105,294,000	97,295,000	106,615,000	9.6

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022
ALLOCATION OF ADMINISTRATIVE EXPENSES BETWEEN
REVENUE FUND AND IMPROVEMENT FUND

	Total	Allocated to Improvement Fund	
		Amount	% Total
Personal Services Cost	\$ 46,200,000	\$ 12,125,000	26
Number of Motor Vehicles	358	26	7

	Total	Allocated to Improvement Fund	
		Percent	Amount
<u>Administrative</u>			
Office Facilities	\$ 1,040,000	26	\$ 270,000
Shop and Storage Yard Facilities	1,220,000	7	85,000
Maintenance of Equipment	1,977,000	7	138,000
Administrative and General			
Personal Services	5,178,000	--	--
Other Administrative Expenses	40,216,000	26	10,456,000
Total	49,631,000	22	10,949,000

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022
DETAILS OF IMPROVEMENT FUND

Item	Cash Receipts 2022
<u>Balance Carried Forward - January 1, 2022</u>	\$ 58,176,000
<u>Receipts</u>	
Transfer from Revenue Fund	11,000,000
Transfer from General Fund	41,000,000
Advances for Construction	100,000
Contributions for Construction	1,200,000
Investment Income	500,000
Miscellaneous Income	50,000
Total - Receipts	53,850,000
<u>Balance Carried Forward and Receipts</u>	112,026,000

EXHIBIT 5

<u>Item</u>	<u>Total Project Cost</u>	<u>Disbursements Prior to Jan. 1, 2022</u>	<u>Cash Disbursements 2022</u>
Disbursements - Part B Capital Improvement Program			
<u>General and Administrative</u>			
Project 1194-General Expenses			
Personal Services	\$ 7,612,000	\$ --	\$ 7,612,000
Transfer to Revenue Fund (Administrative)	10,949,000	--	10,949,000
Materials (Inventory)	90,000	--	90,000
Refunds of Advances	40,000	--	40,000
Trust Engineer - Basic Ordering Agreement	50,000	--	50,000
Miscellaneous	749,000	--	749,000
Subtotal	<u>19,490,000</u>	<u>--</u>	<u>19,490,000</u>
Transfer to Part E Capital Improvement Program	(20,000)	--	(20,000)
Total - General and Administrative - Part B	<u>19,470,000</u>	<u>--</u>	<u>19,470,000</u>
<u>Subdivision and Other Development Projects</u>			
Project 1195-Subdivision Expenses			
Personal Services	1,000,000	--	1,000,000
Miscellaneous	10,000	--	10,000
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, 2022	Cash Disbursements 2022
<u>Extraordinary Maintenance and Repairs</u>			
Supply Facilities			
Project 577 Major Repairs-Reservoirs, Dams, Intakes, Etc.	\$ 169,000	\$ --	\$ 169,000
Project 1251 Potomac River Reservoirs-Renew/Replace	143,000	--	143,000
Project 1662 Annual Inspections-Upper/Lower Occoquan Dams	108,000	--	108,000
Project 2704 Washington Aqueduct-Major Capital Expenditures	1,408,000	--	1,408,000
Subtotal	1,828,000	--	1,828,000
Treatment Facilities			
Project 579 Major Repairs-Treatment Facilities	2,195,000	--	2,195,000
Project 2350 Corbalis WTP-Solids Dewatering Equipment	29,747,000	4,645,000	--
Subtotal	31,942,000	4,645,000	2,195,000
Transmission Facilities			
Project 186A Major Repairs-Transmission Mains	685,000	--	685,000
Project 215A Major Repairs-Transmission Pumping	4,706,000	--	4,706,000
Project 631A Major Repairs-Transmission Storage	4,305,000	--	4,305,000
Project 648B Major Repairs-Sales Meters	20,000	--	20,000
<u>Transmission Mains Relocation Projects</u>			
Projects Previously Authorized	1,744,000	961,000	364,000
Other Anticipated Relocations - Distribution	7,783,000	115,000	603,000
Subtotal	19,243,000	1,076,000	10,683,000

EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2022	Cash Disbursements 2022
<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	493,892,000	190,292,000	21,800,000
 <u>Distribution Mains Relocation Projects</u>			
Projects Previously Authorized	295,000	98,000	142,000
Other Anticipated Relocations - Distribution	7,250,000	--	500,000
Subtotal	505,397,000	190,390,000	26,402,000
 <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	320,000	200,000	12,000
Project 2609 Willard Road Maintenance Facility	56,224,000	12,047,000	2,800,000
Subtotal	56,994,000	12,247,000	3,262,000
 Total - Extraordinary Maintenance and Repairs	 615,404,000	 208,358,000	 44,370,000

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2022	Cash Disbursements 2022
<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	1,469,000	--	1,469,000
Project 2071 Future Water Supply Sources	1,279,000	1,079,000	20,000
Subtotal	3,295,000	1,079,000	2,036,000
Treatment Facilities			
Project 915 Improvements to Treatment Facilities	991,000	--	991,000
Subtotal	991,000	--	991,000
Transmission Facilities			
Project 1285 Additions and Improvements-Pumping Facilities	863,000	--	863,000
Project 1286 Additions and Improvements-Storage Facilities	10,000	--	10,000
Project 1460B Major Additions-Metering Facilities-Sales	10,000	--	10,000
Project 1719 Cathodic Protection Transmission Water Mains	100,000	--	100,000
Project 1877 Pumping Station Modifications	12,879,000	6,629,000	189,000
Project 2111 Water Main Extension Program-Transmission System	11,456,000	2,064,000	776,000
Project 2377 Prince William County Transmission Improvements	18,191,000	3,643,000	8,964,000
Project 2607 Chesterbrook House Demolition	213,000	1,000	212,000
Project 2617 Dulles Toll Road Crossing at Innovation Center	3,808,000	427,000	2,874,000
Project 2641 Powhatan Street Transmission Plan	2,137,000	1,001,000	1,136,000
Project 2642 Herndon Additional Capacity Transmission Improvements	3,750,000	251,000	1,517,000
Project P2698 First High-Main Service PRV Vault at Griffith	408,000	--	408,000
Project xxxx Griffith to Central Transmission Main	400,000	--	100,000
General Transmission System Reinforcement	2,210,000	--	410,000
Subtotal	56,435,000	14,016,000	17,569,000

EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2022	Cash Disbursements 2022
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	8,640,000	5,640,000	300,000
General Distribution System Reinforcement	<u>3,000,000</u>	<u>--</u>	<u>300,000</u>
Subtotal	11,660,000	5,640,000	620,000
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	38,797,000	17,822,000	13,777,000
Project 3652 Capital Equipment Purchases	1,000,000	--	1,000,000
Project 3653 Vehicles and Heavy Equipment	<u>1,320,000</u>	<u>--</u>	<u>1,320,000</u>
Subtotal	41,477,000	17,822,000	16,457,000
System Integration Transmission Facilities			
Project 2548 Seven Corners Tank Replacement	13,368,000	1,088,000	300,000
Project 2549 Second High Storage Elevation	19,774,000	184,000	200,000
Project 2672 Sleepy Hollow Road Pump Station	6,062,000	422,000	759,000
Project 2681 Sleepy Hollow Road Pump Station Transmission Mains	6,016,000	361,000	2,332,000
Project xxxx Lewinsville Connector Transmission Main	2,350,000	--	139,000
Project xxxx Pickett Road Transmission Main-Phase I	9,257,000	--	717,000
Project xxxx Second High-Hospital PRV Vault at Lewinsville	<u>900,000</u>	<u>--</u>	<u>500,000</u>
Subtotal	<u>57,727,000</u>	<u>2,055,000</u>	<u>4,947,000</u>
Total - Additions, Extensions and Betterments	171,585,000	40,612,000	42,620,000

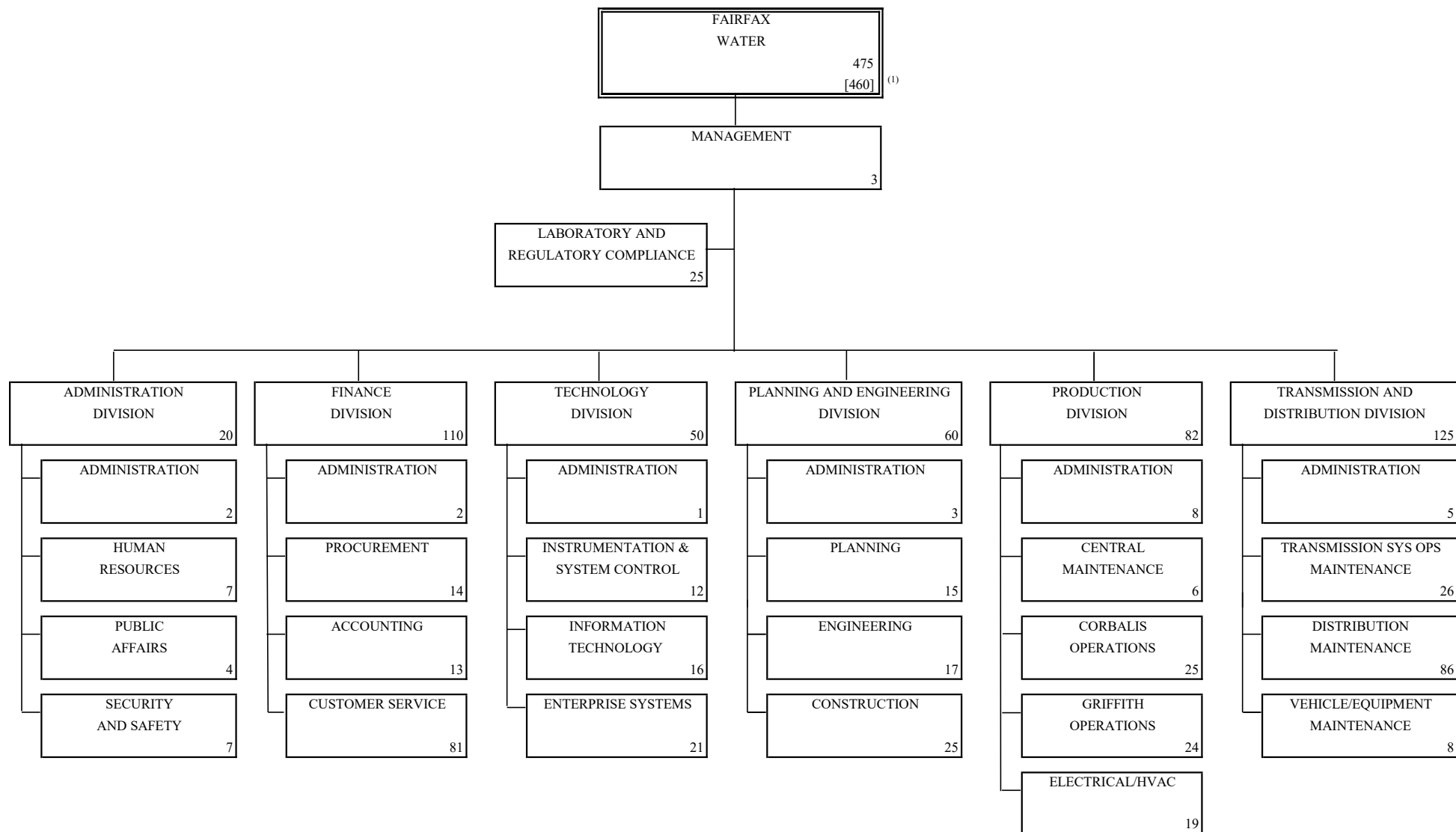
EXHIBIT 5

<u>Item</u>	<u>Total Project Cost</u>	<u>Disbursements Prior to Jan. 1, 2022</u>	<u>Cash Disbursements 2022</u>
<u>General Studies and Programs</u>			
Supply Facilities			
Project 390 Watershed Management Activities	\$ 1,296,000	\$ --	\$ 1,296,000
Project 2368 Water Supply Planning	1,000	--	1,000
Subtotal	<u>1,297,000</u>	<u>--</u>	<u>1,297,000</u>
Treatment Facilities			
Project 1401 Water Quality Improvement Studies	50,000	--	50,000
Subtotal	<u>50,000</u>	<u>--</u>	<u>50,000</u>
Transmission Facilities			
Project xxxx Transmission Main Condition Assessment	250,000	--	250,000
Subtotal	<u>250,000</u>	<u>--</u>	<u>250,000</u>
General and Administrative			
Project 1477 Water Research Foundation	140,000	--	140,000
Project 2273 Energy Management	100,000	--	100,000
Project 2324 Enterprise Geographical Information System	6,122,000	4,422,000	100,000
Project 2422 Environmental Permitting and Compliance	10,000	--	10,000
Project 2426 ERP Enhancements and Upgrade	7,358,000	2,358,000	1,250,000
Project 2441 Communication Lease Handling	10,000	--	10,000
Project 2508 Water Quality and Security Program	2,163,000	568,000	135,000
Project 2566 River Mill Park	34,000	14,000	2,000
Project 2620 Intranet and Information Sharing	1,077,000	852,000	50,000
Project 2650 Risk and Resilience Assessments	825,000	400,000	--
Project 2656 Training Room AV Upgrade	254,000	104,000	50,000
Project xxxx Network Enhancements	515,000	180,000	55,000
Subtotal	<u>18,608,000</u>	<u>8,898,000</u>	<u>1,902,000</u>
Total - General Studies and Programs	<u>20,205,000</u>	<u>8,898,000</u>	<u>3,499,000</u>
Total - Part B Capital Improvement Program	827,674,000	257,868,000	110,969,000

EXHIBIT 5

<u>Item</u>	<u>Total Project Cost</u>	<u>Disbursements Prior to Jan. 1, 2022</u>	<u>Cash Disbursements 2022</u>
Disbursements - Part E Capital Improvement Program			
Transmission Facilities			
Project 2481 Tysons East Transmission Main	\$ 10,615,000	\$ 6,106,000	\$ 85,000
Subtotal	<u>10,615,000</u>	<u>6,106,000</u>	<u>85,000</u>
General Plant Facilities			
Project 2517 General and Administrative - Part E	3,650,000	2,090,000	20,000
Subtotal	<u>3,650,000</u>	<u>2,090,000</u>	<u>20,000</u>
Total - Part E Capital Improvement Program	<u>14,265,000</u>	<u>8,196,000</u>	<u>105,000</u>
<u>Total - Improvement Fund</u>	<u>841,939,000</u>	<u>266,064,000</u>	<u>111,074,000</u>
<u>Balance Carried Forward - December 31, 2022</u>			<u>952,000</u>

**FAIRFAX WATER
PERSONAL ORGANIZATION PLAN
FOR THE YEAR ENDING DECEMBER 31, 2022**



⁽¹⁾ Average estimated positions filled throughout 2022.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022
DERIVATION OF PERSONAL SERVICES COSTS

<u>Base Salaries</u>	<u>2021 Budget</u>		<u>2021 Current Estimate ⁽¹⁾</u>		<u>2022 Budget</u>	
Management (Includes Members' Fees)	49	\$ 5,118,000	28	\$ 2,934,000	28	\$ 2,893,000
Administration Division	--	--	20	1,686,000	20	2,228,000
Finance Division	109	7,727,000	110	7,389,000	110	7,904,000
Planning and Engineering Division	64	6,799,000	60	6,069,000	60	6,375,000
Technology Division	46	5,546,000	50	5,189,000	50	5,980,000
Transmission and Distribution Division	125	8,466,000	125	7,989,000	125	8,592,000
Production Division	82	6,968,000	82	6,518,000	82	7,085,000
Subtotal - Base Salaries	<u>475</u>	<u>40,624,000</u>	<u>475</u>	<u>37,774,000</u>	<u>475</u>	<u>41,057,000</u>
 <u>Adjustments</u>						
Less Allowance for Vacancies		<u>(1,280,000)</u>		<u>--</u>		<u>(1,346,000)</u>
Subtotal		39,344,000		37,774,000		39,711,000
Plus Overtime		3,950,000		3,827,000		4,000,000
Plus Salaries for Summer/Temporary Employees		<u>600,000</u>		<u>440,000</u>		<u>600,000</u>
Subtotal		43,894,000		42,041,000		44,311,000
Plus Allowance for 4.4% Cost-of-Living Increase Effective the First Pay Period of 2022		<u>331,000</u>		<u>--</u>		<u>1,889,000</u>
Total - Personal Services		<u><u>44,225,000</u></u>		<u><u>42,041,000</u></u>		<u><u>46,200,000</u></u>

⁽¹⁾ Base salaries for 2021 Current Estimate includes a 0.8% cost-of-living increase.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022
ALLOCATION OF PERSONAL SERVICES COSTS
REVENUE AND IMPROVEMENT FUNDS

<u>REVENUE FUND</u>	2021		2022 Budget
	<u>Budget</u>	<u>Current Estimate</u>	
<u>Operation and Maintenance</u>			
Supply			
Ocoquan	\$ 340,000	\$ 340,000	\$ 374,000
Potomac	309,000	329,000	362,000
Purchased	45,000	44,000	48,000
	<u>694,000</u>	<u>713,000</u>	<u>784,000</u>
Treatment			
Griffith	4,449,000	3,980,000	4,374,000
Potomac	4,551,000	4,191,000	4,606,000
	<u>9,000,000</u>	<u>8,171,000</u>	<u>8,980,000</u>
Transmission			
Transmission System	2,323,000	2,284,000	2,510,000
Wholesale Accounts	33,000	31,000	34,000
	<u>2,356,000</u>	<u>2,315,000</u>	<u>2,544,000</u>
Distribution			
Distribution System	4,402,000	3,978,000	4,372,000
Retail Accounts	8,702,000	8,228,000	9,040,000
	<u>13,104,000</u>	<u>12,206,000</u>	<u>13,412,000</u>
Administrative			
General Plant	1,591,000	1,512,000	1,662,000
Administrative	4,652,000	4,712,000	5,178,000
	<u>6,243,000</u>	<u>6,224,000</u>	<u>6,840,000</u>
Total - Operations and Maintenance	<u>31,397,000</u>	<u>29,629,000</u>	<u>32,560,000</u>

	2021		2022 Budget
	Budget	Current Estimate	
<u>Other</u>			
New Services and Meters	\$ 1,260,000	\$ 1,376,000	\$ 1,512,000
Merchandising and Jobbing	3,000	2,000	3,000
Total - Other	1,263,000	1,378,000	1,515,000
Total - Revenue Fund	32,660,000	31,007,000	34,075,000
<u>IMPROVEMENT FUND</u>			
General	7,463,000	6,927,000	7,612,000
Subdivision and Development	960,000	1,020,000	1,000,000
Extraordinary Maintenance	2,526,000	2,225,000	2,566,000
Additions and Extensions	405,000	647,000	711,000
Special Studies	211,000	215,000	236,000
Total - Improvement Fund	11,565,000	11,034,000	12,125,000
Total - Personal Services	44,225,000	42,041,000	46,200,000