



2023 ANNUAL BUDGET

**Adopted
December 15, 2022**

The Annual Budget covers the 66th 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 2023.

The 2023 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2023. It is intended that these proposed charges would be considered for adoption at Fairfax Water's meeting of December 15, 2022, 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, 2023

<u>REVENUE FUND</u>	<u>2022</u>		<u>2023</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	\$ 10,515,000	\$ 11,184,000	\$ 13,258,000
Prince William District	4,417,000	4,318,000	5,352,000
Prince William County Service Authority	19,204,000	16,191,000	30,662,000
Loudoun Water	7,951,000	6,666,000	8,521,000
Town of Herndon	1,312,000	1,078,000	1,545,000
Fort Belvoir	2,023,000	1,980,000	1,989,000
Dulles International Airport	508,000	508,000	542,000
Town of Vienna	1,737,000	1,445,000	1,952,000
Prince William County Park Authority	1,000	1,000	1,000
Vulcan Materials Company	21,000	18,000	18,000
Old Hickory Golf Course	5,000	5,000	5,000
Total - Wholesale Revenue	<u>47,694,000</u>	<u>43,394,000</u>	<u>63,845,000</u>
Retail Revenue (Commodity and Billing)	<u>129,300,000</u>	<u>131,483,000</u>	<u>132,372,000</u>
Total - Wholesale and Retail Revenue	<u>176,994,000</u>	<u>174,877,000</u>	<u>196,217,000</u>

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

	2022		2023 Budget
	Budget	Current Estimate	
<u>Other Revenues</u>			
Availability Charges	\$ 11,000,000	\$ 13,000,000	\$ 9,800,000
Local Facility Charges	1,300,000	1,500,000	1,100,000
Service Connection Charges	1,200,000	1,200,000	1,000,000
Account Charges	1,150,000	1,200,000	1,200,000
Delinquent Account Charges	400,000	450,000	500,000
Returned Check Charges	55,000	75,000	75,000
Sewer Service Billing Charges	7,200,000	7,100,000	7,300,000
Merchandising and Jobbing	150,000	148,000	150,000
Fire Hydrant Permit Fees	760,000	780,000	800,000
Laboratory Services	80,000	80,000	80,000
Investment Income	1,900,000	1,000,000	1,800,000
Lease Income	1,150,000	1,200,000	1,080,000
Sale of Scrap Material	50,000	100,000	50,000
Bad Debt Recovery	10,000	10,000	10,000
Bond Subsidy	1,070,000	1,487,000	1,070,000
Miscellaneous	100,000	170,000	125,000
Total - Other Revenues	<u>27,575,000</u>	<u>29,500,000</u>	<u>26,140,000</u>
Rate Revisions ⁽¹⁾	<u>3,381,000</u>	<u>- -</u>	<u>5,999,000</u>
Total - Revenues	207,950,000	204,377,000	228,356,000

⁽¹⁾ The 2023 Annual Budget contains a provision for revisions to certain rates, fees, and charges proposed to be effective April 1, 2023.

	2022		
	<u>Budget</u>	<u>Current Estimate</u>	<u>2023 Budget</u>
<u>CURRENT EXPENSES</u>			
<u>Operation and Maintenance Expenses</u>			
Supply Facilities	\$ 12,748,000	\$ 12,239,000	\$ 13,292,000
Treatment Facilities	25,693,000	27,616,000	31,804,000
Transmission System	5,903,000	6,131,000	7,106,000
Distribution System	21,478,000	19,818,000	22,130,000
Administrative and General	38,682,000	35,191,000	39,747,000
Total - Operation and Maintenance Expenses	<u>104,504,000</u>	<u>100,995,000</u>	<u>114,079,000</u>
<u>Other Expenses</u>			
New Services and Meters	2,107,000	2,083,000	2,285,000
Merchandising and Jobbing	4,000	3,000	4,000
Total - Other Expenses	<u>2,111,000</u>	<u>2,086,000</u>	<u>2,289,000</u>
Total - Current Expenses	<u>106,615,000</u>	<u>103,081,000</u>	<u>116,368,000</u>
<u>NET REVENUES</u>			
Net Revenues Defined	101,335,000	101,296,000	111,988,000
Transfer from Reserve Fund	71,000	71,000	902,000
Total Net Revenues	<u>101,406,000</u>	<u>101,367,000</u>	<u>112,890,000</u>
<u>DEBT SERVICE COVERAGE</u>			
Net Revenues	101,406,000	101,367,000	112,890,000
Annual Principal and Interest Requirements	42,484,307	42,484,307	46,327,337
Coverage	2.39	2.39	2.44

	2022		2023 Budget
	Budget	Current Estimate	
<u>DEBT SERVICE FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 34,756,570	\$ 34,756,570	\$ 32,301,191
<u>Receipts</u>			
Transfer from Revenue Fund	42,484,307	42,484,307	46,327,337
Investment Income	100,000	(92,000)	250,000
Total - Receipts	<u>42,584,307</u>	<u>42,392,307</u>	<u>46,577,337</u>
<u>Disbursements</u>			
Interest Payable - April 1 and October 1	19,247,686	19,247,686	18,203,322
Principal Payable - April 1	25,600,000	25,600,000	23,830,000
Transfer of Investment Income to Revenue Fund	100,000	- -	250,000
Total - Disbursements	<u>44,947,686</u>	<u>44,847,686</u>	<u>42,283,322</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>32,393,191</u>	<u>32,301,191</u>	<u>36,595,206</u>

	2022		2023 Budget
	Budget	Current Estimate	
<u>RESERVE FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 10,777,000	\$ 10,717,000	\$ 10,646,000
<u>Receipts</u>			
Investment Income	70,000	65,000	40,000
Total - Receipts	<u>70,000</u>	<u>65,000</u>	<u>40,000</u>
<u>Disbursements</u>			
Transfer of Investment Income to Revenue Fund	70,000	65,000	40,000
Transfer of Excess Requirement to Revenue Fund	71,000	71,000	902,000
Total - Disbursements	<u>141,000</u>	<u>136,000</u>	<u>942,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>10,706,000</u>	<u>10,646,000</u>	<u>9,744,000</u>

	2022		2023
	Budget	Current Estimate	
<u>IMPROVEMENT FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 58,176,000	\$ 68,141,000	\$ 33,696,000
<u>Receipts</u>			
Transfer from Revenue Fund	11,000,000	11,000,000	11,000,000
Transfer from General Fund	41,000,000	41,000,000	103,000,000
Advances for Construction	100,000	210,000	100,000
Contributions for Construction	1,200,000	1,090,000	1,200,000
Investment Income	500,000	800,000	500,000
Miscellaneous	50,000	280,000	50,000
Total - Receipts	<u>53,850,000</u>	<u>54,380,000</u>	<u>115,850,000</u>
<u>Disbursements</u>			
Part B Capital Improvement Program			
Materials and Supplies	90,000	1,200,000	100,000
Refunds - Advances for Construction	40,000	50,000	40,000
General Expenses	19,340,000	19,660,000	19,970,000
Subdivision and Other Development Projects	1,010,000	1,025,000	1,040,000
Extraordinary Maintenance and Repairs	44,370,000	37,030,000	73,155,000
Additions, Extensions and Betterments	42,620,000	28,370,000	49,996,000
General Studies	3,499,000	1,400,000	4,966,000
Part E Capital Improvement Program	105,000	90,000	--
Total - Disbursements	<u>111,074,000</u>	<u>88,825,000</u>	<u>149,267,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>952,000</u>	<u>33,696,000</u>	<u>279,000</u>

	2022		2023
	Budget	Current Estimate	Budget
<u>GENERAL FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 127,448,000	\$ 137,423,000	\$ 144,306,000
<u>Receipts</u>			
Transfer from Revenue Fund (Net Revenues)	47,922,000	47,883,000	55,563,000
Investment Income	1,600,000	980,000	1,500,000
Total - Receipts	<u>49,522,000</u>	<u>48,863,000</u>	<u>57,063,000</u>
<u>Disbursements</u>			
Transfer of Investment Income to Revenue Fund	1,600,000	980,000	1,500,000
Transfer to Improvement Fund	41,000,000	41,000,000	103,000,000
Total - Disbursements	<u>42,600,000</u>	<u>41,980,000</u>	<u>104,500,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>134,370,000</u>	<u>144,306,000</u>	<u>96,869,000</u>



DETAILS AND SUPPORTING DATA

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2023

TABLE OF CONTENTS

<u>Section Number</u>		<u>Page Number</u>
I	Highlights of 2023 Annual Budget	12
II	Customer Growth	14
III	Water Sales	15
IV	Water Production	16
V	Revenues	17
VI	Current Expenses	18
VII	Net Revenues - Coverage	20
VIII	Debt Service Fund	20
IX	Reserve Fund	20
X	Improvement Fund	21
XI	General Fund	23
XII	Personnel Requirements	24

INDEX OF EXHIBITS

<u>Exhibit Number</u>		<u>Page Number</u>
1	Details of Water Sales Revenue	25
2	Details of Current Expenses	26
3	Summary of Current Expenses	33
4	Allocation of Administrative Expenses between Revenue Fund and Improvement Fund	40
5	Details of Improvement Fund	41
6	Personnel Organization Plan	49
7	Derivation of Personal Services Costs	50
8	Allocation of Personal Services Costs - Revenue and Improvement Funds	51

I. Highlights of 2023 Annual Budget

Category	2022 Budget	2022 Current Estimate	2023 Budget	% Increase (Decrease)
Retail Customer Accounts Added	300	475	300	(36.8)
Retail Equivalent 5/8" Units Added	2,500	2,880	2,170	(24.7)
Retail Customers - End of Year	282,353	282,574	282,874	0.1
Wholesale Water Sales (mg)	25,862	25,215	25,270	0.2
Retail Water Sales (mg)	30,000	29,600	29,800	0.7
Total Water Sales (mg)	55,862	54,815	55,070	0.5
Water Sales Revenue (\$ million)	180.140	174.877	201.770	15.4
Water Produced and Purchased (mg)	62,100	60,900	61,200	0.5
Water Produced and Purchased (mgd)	170.1	166.8	167.7	0.5
Total Revenues (\$ million)	207.950	204.377	228.356	11.7
Current Expenses (\$ million)	106.615	103.081	116.368	12.9
Net Revenues (\$ million)	101.406	101.367	112.890	11.4
Total Debt Service (\$ million)	42.484	42.484	46.327	9.0
Debt Service Coverage	2.39	2.39	2.44	2.1
Authorized Employees	475	475	481	1.3

Highlights of 2023 Annual Budget (Continued)

- ♦ 300 retail customers are projected to be added in 2023, 175 less than the number projected for 2022. A total of 282,874 customers are expected to be served at the end of 2023.
- ♦ Water sales are estimated to be 55.1 billion gallons in 2023, as compared to 54.8 billion gallons in 2022.
- ♦ Average daily production is expected to be 167.7 million gallons per day (mgd) in 2023, as compared to 166.8 mgd in 2022.
- ♦ Revenues are expected to be \$228.4 million in 2023, as compared to \$204.4 million in 2022.
- ♦ The 2023 Annual Budget contains a provision for revisions to certain rates, fees, and charges proposed to be effective April 1, 2023.
- ♦ Current Expenses are projected to be \$116.4 million in 2023, a 12.9% increase as compared to the 2022 Current Estimate and a 9.1% increase from the 2022 Budget.
- ♦ Net Revenues are projected to be \$112.9 million in 2023, as compared to \$101.4 million in 2022.
- ♦ Debt service coverage is projected at 2.44 in 2023, as compared to 2.39 in 2022.
- ♦ It is expected that the Improvement Fund will have a cash balance of \$33.7 million on January 1, 2023. Improvement Fund receipts are estimated at \$115.9 million and expenditures are estimated at \$149.3 million in 2023, resulting in an expected balance of \$0.3 million on December 31, 2023.
- ♦ It is expected that the General Fund will have a balance of \$96.9 million at the end of 2023.
- ♦ In 2023, the authorized staff complement is expected to increase to a total of 481 employees.
- ♦ Expected payroll costs of \$49.620 million in 2023 represents a 7.4% increase from the \$46.2 million budgeted in 2022.

II. Customer Growth

- ♦ Applications for new services in 2023 are projected to be 177 less than the number currently estimated for 2022 and 598 less than the actual number of applications received in 2021.
- ♦ 300 customer accounts are expected to be added in 2023.
- ♦ Single family and townhouse units comprise 94% of all retail customers.

	Actual				Current Estimate 2022	Budget 2023
	2018	2019	2020	2021		
<u>Customers</u>						
Number of Applications Received	557	669	796	898	477	300
Number of Services Installed	505	681	438	895	623	300
Number of Customer Accounts Added (net)	246	368	364	231	475	300
Number of Equivalent 5/8" Units Added	2,878	3,087	3,184	4,299	2,880	2,170
 <u>Total Customers (End-of-Year)</u>						
Single Family	187,194	187,173	187,144	187,073	187,125	187,235
Townhouse	77,219	77,544	77,883	78,126	78,517	78,691
Apartment	4,079	4,084	4,104	4,133	4,150	4,158
Commercial/Industrial	11,153	11,200	11,227	11,254	11,266	11,272
Municipal/Institutional	1,410	1,415	1,420	1,423	1,426	1,428
Restricted Service	81	88	90	90	90	90
	281,136	281,504	281,868	282,099	282,574	282,874
 <u>Sales Per Customer</u>						
Retail Customers (Average)	281,013	281,320	281,686	281,984	282,337	282,724
Retail Water Sales (mg)	29,787	30,854	29,821	29,711	29,600	29,800
Sales Per Customer (1,000 gal)	106	110	106	105	105	105

III. Water Sales

- ♦ Total water sales are expected to increase 0.5% in 2023 as compared to 2022.
- ♦ Total water sales are expected to decrease 1.2% in 2022 as compared to 2021.

	Actual				Current Estimate 2022	Budget 2023
	2018	2019	2020	2021		
<u>Water Sales</u>						
<u>Wholesale</u>						
Million Gallons	25,193	24,649	24,177	25,778	25,215	25,270
Daily Average (mgd)	69.0	67.5	66.0	70.6	69.1	69.2
% of Total Sales	46	44	45	46	46	46
<u>Retail</u>						
Million Gallons	29,787	30,854	29,821	29,711	29,600	29,800
Daily Average (mgd)	81.6	84.5	81.5	81.4	81.1	81.7
% of Total Sales	54	56	55	54	54	54
<u>Total</u>						
Million Gallons	54,980	55,503	53,998	55,489	54,815	55,070
Daily Average (mgd)	150.6	152.1	147.5	152.0	150.2	150.9

IV. Water Production (Supply)

- ♦ Water production is expected to average 167.7 mgd in 2023, as compared to 166.8 mgd in 2022.
- ♦ Occoquan River water production is expected to account for 37.4% of total production in 2023.
- ♦ Potomac River water production is expected to account for 54.7% of total production in 2023.
- ♦ Purchased water from the Washington Aqueduct is expected to account for 7.9% of total production in 2023.

	Actual				Current Estimate 2022	Budget 2023
	2018	2019	2020	2021		
<u>Supply vs. Sales (mg)</u>						
Water Supply	60,735	61,204	58,476	60,235	60,900	61,200
Water Sales	54,980	55,503	53,998	55,489	54,815	55,070
Non-Revenue Water:						
Quantity	5,755	5,701	4,478	4,746	6,085	6,130
As a % of Supply	9.5	9.3	7.7	7.9	10.0	10.0
<u>Sources of Supply (mg)</u>						
Purchased	5,497	5,602	4,170	4,582	4,793	4,820
Occoquan:						
Treated	22,731	22,615	21,610	23,789	22,708	22,818
Untreated	86	110	90	91	90	90
	22,817	22,725	21,700	23,880	22,798	22,908
Potomac	32,421	32,877	32,606	31,773	33,309	33,472
Total Supply	60,735	61,204	58,476	60,235	60,900	61,200
<u>Daily Average (mgd)</u>						
Occoquan	62.5	62.3	59.3	65.4	62.5	62.8
Potomac	88.8	90.1	89.1	87.0	91.2	91.7
Washington Aqueduct	15.1	15.3	11.4	12.6	13.1	13.2
Total	166.4	167.7	159.8	165.0	166.8	167.7

V. Revenues

- ♦ 2023 total revenues are estimated at \$228.4 million, as compared to \$204.4 million in 2022.
- ♦ Revenues from total water sales (inclusive of proposed retail rate revisions) are expected to increase by \$26.9 million or 15.4% in 2023.
- ♦ In 2023, revenues from connection charges are budgeted to decrease by 24.2% as compared to 2022.
- ♦ In 2018, wholesale revenues included \$6.1 million from the Town of Herndon for the purchase of additional capacity in Fairfax Water's system.
- ♦ In 2022 and 2023, wholesale revenues include \$3.4 million and \$12.9 million, respectively, from Prince William County Service Authority and Virginia American - Prince William District for the Occoquan Tunnel Crossing project.

	Actual				Current Estimate 2022	Budget 2023
	2018	2019	2020	2021		
----- \$ Million -----						
<u>Revenues</u>						
Water Sales						
Wholesale	45.131	47.071	41.117	39.411	43.394	63.845
Retail	111.298	120.810	121.225	130.475	131.483	132.372
Subtotal	156.429	167.881	162.342	169.886	174.877	196.217
Connection Charges:						
Availability	11.866	13.070	13.674	18.703	13.000	9.800
Local Facility	1.170	1.511	1.385	1.488	1.500	1.100
Service Connection	1.173	1.500	1.481	2.345	1.200	1.000
Investment Income	2.211	3.579	5.296	2.489	1.000	1.800
Sewer Service Billing Charges	6.585	6.728	6.986	7.431	7.100	7.300
Other Revenue	4.341	4.922	4.193	4.162	4.213	4.070
Bond Subsidy	1.060	1.064	1.074	.654	1.487	1.070
Rate Revisions ⁽¹⁾	--	--	--	--	--	5.999
Total - Revenues	184.835	200.255	196.431	207.158	204.377	228.356

⁽¹⁾ The 2023 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2023.

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

- ♦ Current Expenses are projected to increase 12.9% in 2023 as compared to the 2022 Current Estimate.
- ♦ The increase is due to higher operation and maintenance costs such as employee payroll and benefits, chemicals, and power purchased driven by inflationary increases.

	Actual				Current Estimate 2022	Budget 2023
	2018	2019	2020	2021		
----- \$ Million -----						
<u>Current Expenses</u>						
Operation and Maintenance	94.218	93.149	96.316	92.618	100.995	114.079
Other	1.490	1.946	1.792	2.000	2.086	2.289
Total	95.708	95.095	98.108	94.618	103.081	116.368
 <u>Categories of Expense</u>						
<u>Operation and Maintenance</u>						
Supply Facilities	12.054	11.624	9.466	10.528	12.239	13.292
Treatment Facilities	23.295	23.521	24.861	23.626	27.616	31.804
Transmission System	5.237	5.377	5.364	5.629	6.131	7.106
Distribution System	20.459	19.650	21.315	19.173	19.818	22.130
Administrative and General	33.173	32.977	35.310	33.662	35.191	39.747
Total	94.218	93.149	96.316	92.618	100.995	114.079

Current Expenses (Continued)

Operation and Maintenance Expenses

- ♦ The following table depicts costs for major items of Operation and Maintenance expenses for the years 2018-2023.

	<u>Actual</u>				<u>Current Estimate 2022</u>	<u>Budget 2023</u>
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>		
	----- \$ Million -----					
Operation and Maintenance	94.218	93.149	96.316	92.618	100.995	114.079
<u>Major Items of Expense</u>						
Personal Services	28.026	28.668	30.368	28.979	31.112	35.278
Employee Benefits	27.969	28.055	29.042	28.487	28.287	30.998
Power Purchased	9.256	9.569	9.341	9.348	10.600	12.800
Utilities	1.209	1.145	1.047	1.025	1.204	1.320
Water Treatment Chemicals	6.819	6.418	7.743	7.421	9.780	11.856
Residuals Management Chemicals	.112	.075	.111	.079	.125	.100
Purchased Water	7.645	7.129	5.153	6.027	7.312	7.513
Supplies and Materials	5.077	5.323	5.212	5.313	5.358	5.462
Insurance	.897	.949	1.222	1.130	1.146	1.370
Gasoline and Fuel	.684	.582	.480	.706	.963	1.015
Postage	.592	.599	.578	.568	.584	.618
Printed Reports	.058	.058	.059	.058	.044	.064
Advertising	.043	.044	.040	.064	.075	.075
Customer Relations	.253	.210	.162	.085	.105	.240
Books, Periodicals and Dues	.098	.081	.130	.139	.140	.140
Contractual Services	12.836	11.912	13.071	10.946	11.831	12.912
Professional Services	.942	.921	1.157	1.129	1.320	1.365
Employee Training and Meetings	.383	.454	.142	.167	.415	.485
Programs	1.326	1.104	1.220	1.442	1.258	1.372
Miscellaneous	.241	.233	.351	.268	.285	.237
Subtotal	<u>104.466</u>	<u>103.529</u>	<u>106.629</u>	<u>103.381</u>	<u>111.944</u>	<u>125.220</u>
Transfer to Improvement Fund	<u>(10.248)</u>	<u>(10.380)</u>	<u>(10.313)</u>	<u>(10.763)</u>	<u>(10.949)</u>	<u>(11.141)</u>
Total - Operation and Maintenance	<u>94.218</u>	<u>93.149</u>	<u>96.316</u>	<u>92.618</u>	<u>100.995</u>	<u>114.079</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 2018-2023:

	Actual				Current Estimate 2022	Budget 2023
	2018	2019	2020	2021		
	----- \$ Million -----					
Revenues	184.835	200.255	196.431	207.158	204.377	228.356
Current Expenses	95.708	95.095	98.108	94.618	103.081	116.368
Net Revenues Defined	89.127	105.160	98.323	112.540	101.296	111.988
Transfer from Reserve Fund	1.620	.909	1.487	1.037	.071	.902
Net Revenues - Total	90.747	106.069	99.810	113.577	101.367	112.890
 Debt Service	 42.981	 42.988	 40.711	 44.326	 42.484	 46.327
 Coverage	 2.11	 2.47	 2.45	 2.56	 2.39	 2.44

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 2023, Fairfax Water's debt service will be \$46,327,337, which will provide a coverage ratio of 2.44. 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 \$17,752,337 which is funded with a Qualified Reserve Fund Substitute (Insurance) as well as approximately \$10 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 currently has no planned projects for 2023.
- ♦ 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 \$33.7 million on January 1, 2023. Improvement Fund receipts are estimated at \$115.9 million and expenditures are estimated at \$149.3 million, resulting in an expected balance of \$0.3 million on December 31, 2023.

Improvement Fund (Continued)

	Actual				Current Estimate 2022	Budget 2023
	2018	2019	2020	2021		
----- \$ Million -----						
Balance Carried Forward - January 1	23.642	0.308	1.313	10.153	68.141	33.696
<u>Receipts</u>						
Transfer from Revenue Fund	11.000	11.000	11.000	11.000	11.000	11.000
Transfer from General Fund	43.000	79.000	70.000	8.000	41.000	103.000
Bond Proceeds	--	.522	(.094)	100.342	--	--
Investment Income and Other	2.111	.699	5.157	3.338	2.380	1.850
Total - Receipts	<u>56.111</u>	<u>91.221</u>	<u>86.063</u>	<u>122.680</u>	<u>54.380</u>	<u>115.850</u>
<u>Disbursements</u>						
Part B Capital Improvement Program						
Materials and Supplies	(.053)	(.116)	(.209)	.298	1.200	.100
Refunds of Advances	.016	.038	.019	.105	.050	.040
General Expenses	18.261	18.723	19.188	19.418	19.660	19.970
Subdivision/Development Projects	1.012	.851	1.077	1.142	1.025	1.040
Extraordinary Maintenance and Repair	39.698	43.759	38.829	31.286	37.030	73.155
Additions, Extensions and Betterments	16.468	23.051	16.146	10.518	28.370	49.996
General Studies	2.319	2.845	1.925	1.851	1.400	4.966
Part D Capital Improvement Program	1.660	.789	.248	--	--	--
Part E Capital Improvement Program	.064	.276	--	.074	.090	--
Total - Disbursements	<u>79.445</u>	<u>90.216</u>	<u>77.223</u>	<u>64.692</u>	<u>88.825</u>	<u>149.267</u>
Balance Carried Forward - December 31	.308	1.313	10.153	68.141	33.696	.279

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	Budget
	2018	2019	2020	2021	Estimate 2022	2023
	----- \$ Million -----					
General Fund Balance Forward						
January 1	146.163	142.921	106.344	88.780	137.423	144.306
December 31	142.921	106.344	88.780	137.423	144.306	96.869

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

- ♦ The personnel complement is expected to increase in 2023 by 6 additional positions to a total of 481 positions, based on recommendations from the Customer Service Operational Assessment completed in January 2022.
- ♦ Total 2023 personal services costs are estimated at \$49.620 million, of which \$36.878 million and \$12.742 million are estimated to be charged to the Revenue and Improvement Funds, respectively.
- ♦ The 2023 total budgeted personal services cost of \$49.620 million includes a cost-of-living adjustment of 7.5% effective the first pay period of 2023 based on the CPI-U for the 12-month period ending July 31, 2022.

	Actual				Current Estimate 2022	Budget 2023
	2018	2019	2020	2021		
Number of Employees Added	--	--	--	--	--	6
Total Employees Authorized	475	475	475	475	475	481
Total Payroll Cost (\$ Million)	39.828	40.469	42.795	41.893	43.759	49.620
 <u>Employees by Division</u>						
Management	50	48	49	29	27	27
Administration	--	--	--	20	19	19
Finance	109	110	109	109	111	117
Planning and Engineering	64	64	64	64	59	59
Technology	46	46	46	46	53	53
Production	82	82	82	82	81	81
Transmission and Distribution	124	125	125	125	125	125
Total	475	475	475	475	475	481

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023
DETAILS OF WATER SALES REVENUE

	2022 Budget				2022 Current Estimate ⁽¹⁾				2023 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	7,840	2,675	10,515	5,800	8,468	2,716	11,184	5,900	10,502	2,756	13,258	1.7	24.0	1.5
Prince William District ⁽²⁾	1,800	2,520	1,897	4,417	1,800	2,628	1,690	4,318	1,800	3,204	2,148	5,352	--	21.9	27.1
Dulles International Airport	260	439	69	508	260	439	69	508	280	473	69	542	7.7	7.7	--
Fort Belvoir	550	930	1,093	2,023	525	887	1,093	1,980	530	896	1,093	1,989	1.0	1.0	--
PWCSA ⁽³⁾	9,500	13,300	5,904	19,204	9,800	13,720	2,471	16,191	9,900	17,622	13,040	30,662	1.0	28.4	427.7
Town of Herndon	750	1,050	262	1,312	710	994	84	1,078	720	1,282	263	1,545	1.4	29.0	213.1
Loudoun Water	6,500	5,525	2,426	7,951	5,500	4,675	1,991	6,666	5,300	6,095	2,426	8,521	(3.6)	30.4	21.8
Town of Vienna	800	1,120	617	1,737	730	1,022	423	1,445	750	1,335	617	1,952	2.7	30.6	45.9
Untreated															
Vulcan Materials	80	21	--	21	70	18	--	18	70	18	--	18	--	--	--
PWCPA	2	1	--	1	1	1	--	1	1	1	--	1	--	--	--
Old Hickory	20	5	--	5	19	5	--	5	19	5	--	5	--	--	--
Total - Wholesale	25,862	32,751	14,943	47,694	25,215	32,857	10,537	43,394	25,270	41,433	22,412	63,845	0.2	26.1	112.7
Retail Water Sales ⁽⁴⁾	30,000	132,446	--	132,446	29,600	131,483	--	131,483	29,800	137,925	--	137,925	0.7	4.9	--
Total - Water Sales	55,862	165,197	14,943	180,140	54,815	164,340	10,537	174,877	55,070	179,358	22,412	201,770	0.5	9.1	112.7

⁽¹⁾ Demand charges for Current Estimate include adjustments for prior year reconciliation, if applicable.

⁽²⁾ In 2022 and 2023, demand charges include \$0.1 million and \$0.5 million, respectively from Virginia American - Prince William District for the Occoquan Tunnel Crossing project.

⁽³⁾ In 2022 and 2023, demand charges include \$3.3 million and \$12.4 million, respectively, from PWCSA for the Occoquan Tunnel Crossing project.

⁽⁴⁾ Budget columns include revenue associated with proposed retail rate revisions.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023
DETAILS OF CURRENT EXPENSES

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Personal Services</u>				
Salaries-Regular	\$ 30,110,000	\$ 28,774,000	\$ 32,514,000	13.0
Salaries-Overtime	3,295,000	3,372,000	3,690,000	9.4
Salaries-Stand-By	120,000	120,000	124,000	3.3
Salaries-Summer	300,000	130,000	300,000	130.8
Salaries-Part-Time/Temporary	250,000	126,000	250,000	98.4
Subtotal	34,075,000	32,522,000	36,878,000	13.4
<u>Employee Benefits</u>				
OASDI-FICA	3,350,000	3,190,000	3,620,000	13.5
Health Insurance	5,850,000	4,315,000	3,970,000	(8.0)
Life Insurance	130,000	132,000	140,000	6.1
Disability Program	80,000	50,000	80,000	60.0
Retirement Program	21,520,000	20,500,000	23,090,000	12.6
Educational Reimbursement	65,000	65,000	68,000	4.6
Employee Assistance Program	15,000	15,000	15,000	--
Employee Awards Program	15,000	20,000	15,000	(25.0)
Subtotal	31,025,000	28,287,000	30,998,000	9.6
<u>Power Purchased</u>				
Electricity - Production/Transmission Facilities	9,600,000	10,600,000	12,800,000	20.8
<u>Utilities</u>				
Electricity - Administrative Facilities	320,000	350,000	420,000	20.0
Water and Sewer	265,000	266,000	275,000	3.4
Heating Oil	50,000	80,000	60,000	(25.0)
Heating Gas	400,000	350,000	400,000	14.3
Telephone	100,000	93,000	100,000	7.5
Trash Removal	60,000	65,000	65,000	--
Subtotal	1,195,000	1,204,000	1,320,000	9.6

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
Chemicals				
<i>Coagulants:</i>				
Poly Aluminum Chloride	\$ 3,239,000	\$ 3,538,000	\$ 3,770,000	6.6
Polymers	118,000	205,000	218,000	6.3
	<u>3,357,000</u>	<u>3,743,000</u>	<u>3,988,000</u>	<u>6.5</u>
<i>Disinfectant/Oxidant:</i>				
Sodium Hypochlorite	1,756,000	1,698,000	2,475,000	45.8
Ammonium Hydroxide	193,000	344,000	366,000	6.4
Liquid Oxygen	603,000	660,000	753,000	14.1
Potassium Permanganate	509,000	561,000	687,000	22.5
	<u>3,061,000</u>	<u>3,263,000</u>	<u>4,281,000</u>	<u>31.2</u>
<i>pH Adjustment:</i>				
Caustic Soda	368,000	641,000	683,000	6.6
Sulfuric Acid	202,000	383,000	408,000	6.5
	<u>570,000</u>	<u>1,024,000</u>	<u>1,091,000</u>	<u>6.5</u>
<i>Corrosion Inhibitor:</i>				
Phosphoric Acid	410,000	824,000	1,101,000	33.6
<i>Oral Health:</i>				
Hydrofluosilicic Acid (Fluoride)	275,000	300,000	320,000	6.7
<i>Ozone Quenching/Reducing Agent:</i>				
Calcium Thiosulfate	24,000	25,000	27,000	8.0
Sodium Bisulfate	41,000	41,000	48,000	17.1
	<u>65,000</u>	<u>66,000</u>	<u>75,000</u>	<u>13.6</u>
<i>Filter Media:</i>				
Granular Activated Carbon	850,000	560,000	1,000,000	78.6
	<u>850,000</u>	<u>560,000</u>	<u>1,000,000</u>	<u>78.6</u>
Subtotal	<u>8,588,000</u>	<u>9,780,000</u>	<u>11,856,000</u>	<u>21.2</u>

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Residuals Management Chemicals</u>				
Polymers	\$ 100,000	\$ 125,000	\$ 100,000	(20.0)
Subtotal	100,000	125,000	100,000	(20.0)
<u>Purchased Water</u>				
Loudoun Water	13,000	12,000	13,000	8.3
Washington Aqueduct	8,000,000	7,300,000	7,500,000	2.7
Subtotal	8,013,000	7,312,000	7,513,000	2.7
<u>Supplies</u>				
Cleaning and Custodial	50,000	36,000	40,000	11.1
Vehicle and Automotive	330,000	349,000	350,000	0.3
Laboratory	600,000	541,000	600,000	10.9
Office	100,000	80,000	100,000	25.0
Computer	200,000	88,000	200,000	127.3
Mechanical and Electrical	215,000	465,000	300,000	(35.5)
Safety	300,000	300,000	300,000	--
Telephone and Communication	25,000	8,000	15,000	87.5
Photographic and Reproduction	65,000	68,000	70,000	2.9
Small Tools	360,000	277,000	300,000	8.3
Construction and Maintenance	775,000	746,000	775,000	3.9
Meter Parts and Supplies	110,000	131,000	135,000	3.1
Uniforms and Clothing	80,000	70,000	80,000	14.3
Security	25,000	20,000	25,000	25.0
Miscellaneous	135,000	163,000	155,000	(4.9)
Subtotal	3,370,000	3,342,000	3,445,000	3.1

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Materials</u>				
Service Connection	\$ 626,000	\$ 638,000	\$ 664,000	4.1
Meters	170,000	138,000	144,000	4.3
Hydrants and Appurtenances	140,000	165,000	172,000	4.2
Pipe and Appurtenances	344,000	430,000	447,000	4.0
Valves and Appurtenances	156,000	121,000	126,000	4.1
Pumps and Appurtenances	57,000	59,000	61,000	3.4
Instrumentation and SCADA	310,000	358,000	360,000	0.6
Automotive	10,000	10,000	12,000	20.0
Electrical and Electronics	230,000	227,000	230,000	1.3
Mechanical	80,000	84,000	85,000	1.2
Hardware/Small Tools	10,000	50,000	50,000	--
HVAC	105,000	75,000	80,000	6.7
Lube and Fluids	25,000	22,000	25,000	13.6
Treatment Media	150,000	237,000	165,000	(30.4)
Miscellaneous General Materials	85,000	78,000	85,000	9.0
Subtotal	2,498,000	2,692,000	2,706,000	0.5
<u>Insurance</u>				
Workmen's Compensation	487,000	410,000	400,000	(2.4)
Liability	245,000	248,000	425,000	71.4
Motor Vehicle	120,000	110,000	135,000	22.7
Property	302,000	327,000	350,000	7.0
Unemployment Compensation	10,000	9,000	10,000	11.1
Miscellaneous Insurance	50,000	42,000	50,000	19.0
Subtotal	1,214,000	1,146,000	1,370,000	19.5
<u>Gasoline and Fuel</u>				
Gasoline	633,000	810,000	851,000	5.1
Diesel Fuel	110,000	151,000	159,000	5.3
Other Fuel	10,000	2,000	5,000	150.0
Subtotal	753,000	963,000	1,015,000	5.4

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Postage and Parcel Service</u>				
Postage	\$ 580,000	\$ 550,000	\$ 580,000	5.5
Parcel Service	38,000	34,000	38,000	11.8
Subtotal	618,000	584,000	618,000	5.8
<u>Reports</u>				
Annual Report	2,000	2,000	2,000	--
Consumer Confidence Report	62,000	42,000	62,000	47.6
Subtotal	64,000	44,000	64,000	45.5
<u>Advertising</u>				
Recruiting	36,000	55,000	55,000	--
Other Advertising	20,000	20,000	20,000	--
Subtotal	56,000	75,000	75,000	--
<u>Customer Relations</u>				
Visitor Education Center	20,000	5,000	20,000	300.0
Special Tours and Programs	60,000	15,000	40,000	166.7
Printed Literature	70,000	80,000	80,000	--
Miscellaneous Customer Relations	120,000	5,000	100,000	1900.0
Subtotal	270,000	105,000	240,000	128.6
<u>Books, Periodicals and Dues</u>				
Reference Materials	10,000	8,000	8,000	--
Periodical Subscriptions	10,000	8,000	8,000	--
Association Dues	90,000	124,000	124,000	--
Subtotal	110,000	140,000	140,000	--

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Contractual Services</u>				
Equipment Maintenance	\$ 1,100,000	\$ 1,050,000	\$ 1,500,000	42.9
Building/Grounds Maintenance	1,000,000	815,000	850,000	4.3
Computer Hosting Services	400,000	310,000	350,000	12.9
Equipment Rental	60,000	50,000	60,000	20.0
Uniform Rental	260,000	273,000	275,000	0.7
Computer Application Support and Licensing	2,980,000	2,940,000	3,140,000	6.8
Telephone and Communication	650,000	610,000	640,000	4.9
Residuals Management	400,000	392,000	400,000	2.0
Hazardous Waste Disposal	84,000	42,000	50,000	19.0
Pavement Replacement	2,300,000	1,800,000	2,200,000	22.2
Security	800,000	835,000	835,000	--
Electrical	220,000	333,000	300,000	(9.9)
Diving	55,000	45,000	50,000	11.1
Safety and Health	200,000	254,000	255,000	0.4
Temporary Staffing	200,000	150,000	200,000	33.3
Bill Print Services	250,000	230,000	250,000	8.7
Information Technology	300,000	400,000	200,000	(50.0)
Spoil Disposal	825,000	906,000	915,000	1.0
Lease - Central Maintenance Facility	242,000	180,000	242,000	34.4
Other Contractual Services	200,000	216,000	200,000	(7.4)
Subtotal	12,526,000	11,831,000	12,912,000	9.1
<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	305,000	320,000	4.9
Legal	300,000	400,000	350,000	(12.5)
Trustee	41,000	42,000	42,000	--
Management Consultants	350,000	300,000	400,000	33.3
Advocacy Services	48,000	48,000	48,000	--
Other Professional Services	20,000	55,000	25,000	(54.5)
Subtotal	1,249,000	1,320,000	1,365,000	3.4

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Employee Training and Meetings</u>				
Employee Training	\$ 340,000	\$ 300,000	\$ 340,000	13.3
Professional Meetings	70,000	44,000	60,000	36.4
Board Travel	10,000	2,000	5,000	150.0
Miscellaneous Travel and Meetings	80,000	69,000	80,000	15.9
Subtotal	500,000	415,000	485,000	16.9
<u>Programs</u>				
Cross Connection Control	753,000	611,000	712,000	16.5
Utilities Notification	195,000	182,000	190,000	4.4
Potomac River Reservoirs	225,000	235,000	240,000	2.1
Virginia Technical Assistance Fund (State User Fees)	160,000	160,000	160,000	--
Sustainability Initiative	100,000	--	--	--
Water Supply Stakeholder Outreach Program	70,000	70,000	70,000	--
Subtotal	1,503,000	1,258,000	1,372,000	9.1
<u>Miscellaneous</u>				
Highway Permits	20,000	14,000	20,000	42.9
Professional Licenses	7,000	7,000	7,000	--
Injuries and Damages	100,000	159,000	100,000	(37.1)
Miscellaneous	110,000	105,000	110,000	4.8
Subtotal	237,000	285,000	237,000	(16.8)
Subtotal - Current Expenses	117,564,000	114,030,000	127,509,000	11.8
Less: Reimbursable Services	(10,949,000)	(10,949,000)	(11,141,000)	1.8
Total - Current Expenses	<u>106,615,000</u>	<u>103,081,000</u>	<u>116,368,000</u>	<u>12.9</u>

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023
SUMMARY OF CURRENT EXPENSES

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Operation and Maintenance Expenses</u>				
<u>Supply</u>				
<u>Occoquan</u>				
Personal Services	\$ 374,000	\$ 302,000	\$ 342,000	13.2
Power Purchased	1,089,000	1,160,000	1,401,000	20.8
Water Treatment Chemicals	59,000	63,000	71,000	12.7
Supplies and Materials	38,000	36,000	37,000	2.8
Contractual Services	89,000	87,000	95,000	9.2
Programs	70,000	70,000	70,000	- -
Subtotal	1,719,000	1,718,000	2,016,000	17.3
 <u>Potomac</u>				
Personal Services	362,000	298,000	338,000	13.4
Power Purchased	2,039,000	2,312,000	2,792,000	20.8
Utilities	85,000	86,000	94,000	9.3
Supplies and Materials	92,000	86,000	88,000	2.3
Contractual Services	161,000	152,000	166,000	9.2
Programs	225,000	235,000	240,000	2.1
Subtotal	2,964,000	3,169,000	3,718,000	17.3

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Purchased</u>				
Personal Services	\$ 48,000	\$ 36,000	\$ 41,000	13.9
Purchased Water	8,013,000	7,312,000	7,513,000	2.7
Contractual Services	4,000	4,000	4,000	- -
Subtotal	<u>8,065,000</u>	<u>7,352,000</u>	<u>7,558,000</u>	<u>2.8</u>
Total - Supply	12,748,000	12,239,000	13,292,000	8.6

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Treatment</u>				
<u>Griffith</u>				
Personal Services	\$ 4,374,000	\$ 4,259,000	\$ 4,829,000	13.4
Power Purchased	1,331,000	1,417,000	1,711,000	20.7
Utilities	114,000	104,000	114,000	9.6
Water Treatment Chemicals	5,070,000	6,022,000	7,243,000	20.3
Supplies and Materials	505,000	751,000	766,000	2.0
Contractual Services	648,000	615,000	621,000	1.0
Programs	80,000	80,000	80,000	--
Miscellaneous	7,000	8,000	7,000	(12.5)
Subtotal	12,129,000	13,256,000	15,371,000	16.0
<u>Corbalis</u>				
Personal Services	4,606,000	4,519,000	5,124,000	13.4
Power Purchased	2,486,000	2,822,000	3,408,000	20.8
Utilities	446,000	519,000	555,000	6.9
Water Treatment Chemicals	3,459,000	3,695,000	4,542,000	22.9
Waste Disposal Chemicals	100,000	125,000	100,000	(20.0)
Supplies and Materials	1,163,000	1,267,000	1,291,000	1.9
Contractual Services	1,216,000	1,325,000	1,326,000	0.1
Programs	80,000	80,000	80,000	--
Miscellaneous	8,000	8,000	7,000	(12.5)
Subtotal	13,564,000	14,360,000	16,433,000	14.4
Total - Treatment	25,693,000	27,616,000	31,804,000	15.2

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Transmission</u>				
<u>Transmission System</u>				
Personal Services	\$ 2,510,000	\$ 2,475,000	\$ 2,806,000	13.4
Power Purchased	2,655,000	2,889,000	3,488,000	20.7
Utilities	22,000	22,000	24,000	9.1
Supplies and Materials	317,000	353,000	360,000	2.0
Contractual Services	326,000	309,000	337,000	9.1
Programs	39,000	36,000	38,000	5.6
Subtotal	5,869,000	6,084,000	7,053,000	15.9
 <u>Wholesale Customer Accounts</u>				
Personal Services	34,000	47,000	53,000	12.8
Subtotal	34,000	47,000	53,000	12.8
Total - Transmission	5,903,000	6,131,000	7,106,000	15.9
 <u>Distribution</u>				
<u>Distribution System</u>				
Personal Services	4,372,000	3,900,000	4,422,000	13.4
Utilities	46,000	8,000	20,000	150.0
Supplies and Materials	1,309,000	1,083,000	1,104,000	1.9
Contractual Services	3,458,000	3,103,000	3,437,000	10.8
Programs	909,000	757,000	864,000	14.1
Miscellaneous	46,000	55,000	46,000	(16.4)
Subtotal	10,140,000	8,906,000	9,893,000	11.1

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Retail Customer Accounts</u>				
Personal Services	\$ 9,040,000	\$ 8,760,000	\$ 9,934,000	13.4
Utilities	3,000	4,000	6,000	50.0
Supplies and Materials	600,000	588,000	599,000	1.9
Postage and Parcel Service	557,000	510,000	540,000	5.9
Reports	62,000	42,000	62,000	47.6
Contractual Services	1,055,000	993,000	1,084,000	9.2
Miscellaneous	21,000	15,000	12,000	(20.0)
Subtotal	11,338,000	10,912,000	12,237,000	12.1
Total - Distribution	21,478,000	19,818,000	22,130,000	11.7
<u>Administrative and General</u>				
<u>Office Building</u>				
Personal Services	321,000	313,000	355,000	13.4
Utilities	291,000	284,000	311,000	9.5
Supplies and Materials	142,000	87,000	89,000	2.3
Contractual Services	286,000	274,000	299,000	9.1
Subtotal	1,040,000	958,000	1,054,000	10.0
<u>Shop and Storage Yards</u>				
Personal Services	554,000	556,000	630,000	13.3
Utilities	183,000	174,000	191,000	9.8
Supplies and Materials	189,000	113,000	115,000	1.8
Contractual Services	294,000	282,000	308,000	9.2
Subtotal	1,220,000	1,125,000	1,244,000	10.6

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Vehicles and Equipment</u>				
Personal Services	\$ 787,000	\$ 702,000	\$ 796,000	13.4
Supplies and Materials	400,000	409,000	417,000	2.0
Gasoline and Fuel	753,000	963,000	1,015,000	5.4
Contractual Services	37,000	34,000	37,000	8.8
Subtotal	1,977,000	2,108,000	2,265,000	7.4
<u>Administrative</u>				
Personal Services	5,178,000	4,945,000	5,608,000	13.4
Employee Benefits	31,025,000	28,287,000	30,998,000	9.6
Utilities	5,000	3,000	5,000	66.7
Supplies and Materials	517,000	585,000	596,000	1.9
Insurance	1,214,000	1,146,000	1,370,000	19.5
Postage and Parcel Service	61,000	74,000	78,000	5.4
Reports	2,000	2,000	2,000	--
Advertising	56,000	75,000	75,000	--
Customer Relations	270,000	105,000	240,000	128.6
Books, Periodicals and Dues	110,000	140,000	140,000	--
Contractual Services	4,952,000	4,653,000	5,198,000	11.7
Professional Services	1,249,000	1,320,000	1,365,000	3.4
Employee Training and Meetings	500,000	415,000	485,000	16.9
Programs	100,000	--	--	--
Miscellaneous	155,000	199,000	165,000	(17.1)
Subtotal	45,394,000	41,949,000	46,325,000	10.4
Total - Administrative and General	49,631,000	46,140,000	50,888,000	10.3
Less: Reimbursable Services	(10,949,000)	(10,949,000)	(11,141,000)	1.8
Total - Administrative and General	38,682,000	35,191,000	39,747,000	12.9
Total - Operation and Maintenance Expenses	104,504,000	100,995,000	114,079,000	13.0

Item	2022		2023 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Other Expenses</u>				
<u>New Services and Meters</u>				
Personal Services	\$ 1,512,000	\$ 1,408,000	\$ 1,597,000	13.4
Supplies and Materials	595,000	675,000	688,000	1.9
Subtotal	2,107,000	2,083,000	2,285,000	9.7
<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	2,111,000	2,086,000	2,289,000	9.7
Total - Current Expenses	106,615,000	103,081,000	116,368,000	12.9

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023
ALLOCATION OF ADMINISTRATIVE EXPENSES BETWEEN
REVENUE FUND AND IMPROVEMENT FUND

	Total	Allocated to Improvement Fund	
		Amount	% Total
Personal Services Cost	\$ 49,620,000	\$ 12,742,000	26
Number of Motor Vehicles	342	26	8

	Total	Allocated to Improvement Fund	
		Percent	Amount
<u>Administrative</u>			
Office Facilities	\$ 1,054,000	26	\$ 274,000
Shop and Storage Yard Facilities	1,244,000	8	100,000
Maintenance of Equipment	2,265,000	8	181,000
Administrative and General			
Personal Services	5,608,000	--	--
Other Administrative Expenses	40,717,000	26	10,586,000
Total	50,888,000	22	11,141,000

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023
DETAILS OF IMPROVEMENT FUND

Item	Cash Receipts 2023
<u>Balance Carried Forward - January 1, 2023</u>	\$ 33,696,000
<u>Receipts</u>	
Transfer from Revenue Fund	11,000,000
Transfer from General Fund	103,000,000
Advances for Construction	100,000
Contributions for Construction	1,200,000
Investment Income	500,000
Miscellaneous Income	50,000
Total - Receipts	115,850,000
<u>Balance Carried Forward and Receipts</u>	149,546,000

EXHIBIT 5

<u>Item</u>	<u>Total Project Cost</u>	<u>Disbursements Prior to Jan. 1, 2023</u>	<u>Cash Disbursements 2023</u>
Disbursements - Part B Capital Improvement Program			
<u>General and Administrative</u>			
Project 1194-General Expenses			
Personal Services	\$ 8,325,000	\$ --	\$ 8,325,000
Transfer to Revenue Fund (Administrative)	11,141,000	--	11,141,000
Materials (Inventory)	100,000	--	100,000
Refunds of Advances	40,000	--	40,000
Trust Engineer - Basic Ordering Agreement	50,000	--	50,000
Miscellaneous	454,000	--	454,000
Total - General and Administrative - Part B	20,110,000	--	20,110,000
<u>Subdivision and Other Development Projects</u>			
Project 1195-Subdivision Expenses			
Personal Services	1,030,000	--	1,030,000
Miscellaneous	10,000	--	10,000
Total - Subdivision and Other Development Projects	1,040,000	--	1,040,000

EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2023	Cash Disbursements 2023
<u>Extraordinary Maintenance and Repairs</u>			
Supply Facilities			
Project 577 Major Repairs-Reservoirs, Dams, Intakes, Etc.	\$ 743,000	\$ --	\$ 743,000
Project 1251 Potomac River Reservoirs-Renew/Replace	177,000	--	177,000
Project 1662 Annual Inspections-Upper/Lower Occoquan Dams	10,000	--	10,000
Project 2704 Washington Aqueduct-Major Capital Expenditures	6,300,000	--	6,300,000
Subtotal	7,230,000	--	7,230,000
Treatment Facilities			
Project 579 Major Repairs-Treatment Facilities	3,215,000	--	3,215,000
Project 2350 Corbalis WTP-Solids Dewatering Equipment	14,088,000	4,645,000	--
Subtotal	17,303,000	4,645,000	3,215,000
Transmission Facilities			
Project 186A Major Repairs-Transmission Mains	707,000	--	707,000
Project 215A Major Repairs-Transmission Pumping	2,853,000	--	2,853,000
Project 631A Major Repairs-Transmission Storage	2,955,000	--	2,955,000
Project 648B Major Repairs-Sales Meters	25,000	--	25,000
Project 2709 Delacarla to Stenhouse PCCP Analysis	6,337,000	30,000	156,000
Project 2735 Kirby Road Transmission Main Replacement	1,850,000	--	1,850,000
<u>Transmission Mains Relocation Projects</u>			
Projects Previously Authorized	18,002,000	2,086,000	1,658,000
Other Anticipated Relocations - Distribution	5,120,000	--	300,000
Subtotal	37,849,000	2,116,000	10,504,000

EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2023	Cash Disbursements 2023
<u>Distribution Facilities</u>			
Project 186B Major Repairs-Distribution Mains	\$ 1,840,000	\$ --	\$ 1,840,000
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"	110,000	--	110,000
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	511,323,000	207,423,000	22,000,000
Project 2736 Retailer Meter Vault Rehabilitation	75,000	--	75,000
 <u>Distribution Mains Relocation Projects</u>			
Projects Previously Authorized	896,000	327,000	434,000
Other Anticipated Relocations - Distribution	3,960,000	--	100,000
Subtotal	520,199,000	207,750,000	26,629,000
 <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	330,000	210,000	12,000
Project 2609 Willard Road Maintenance Facility	60,149,000	14,427,000	25,090,000
Project 2661 Tower Street Maintenance	288,000	38,000	25,000
Subtotal	61,217,000	14,675,000	25,577,000
 Total - Extraordinary Maintenance and Repairs	 643,798,000	 229,186,000	 73,155,000

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2023	Cash Disbursements 2023
<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	890,000	--	890,000
Project 2071 Future Water Supply Sources	1,279,000	1,079,000	20,000
Subtotal	2,716,000	1,079,000	1,457,000
Treatment Facilities			
Project 915 Improvements to Treatment Facilities	1,618,000	--	1,618,000
Subtotal	1,618,000	--	1,618,000
Transmission Facilities			
Project 611 Removal of Storage Tanks	453,000	53,000	200,000
Project 1285 Additions and Improvements-Pumping Facilities	50,000	--	50,000
Project 1286 Additions and Improvements-Storage Facilities	300,000	--	300,000
Project 1460B Major Additions-Metering Facilities-Sales	10,000	--	10,000
Project 1719 Cathodic Protection Transmission Water Mains	100,000	--	100,000
Project 2111 Water Main Extension Program-Transmission System	12,693,000	2,064,000	--
Project 2377 Prince William County Transmission Improvements	30,305,000	5,092,000	19,071,000
Project 2607 Chesterbrook House Demolition	383,000	2,000	59,000
Project 2617 Dulles Toll Road Crossing at Innovation Center	6,035,000	922,000	5,113,000
Project 2642 Herndon Additional Capacity Transmission Improvements	4,462,000	110,000	298,000
Project 2722 Popes Head Pumping Station Upgrade	4,059,000	240,000	2,016,000
General Transmission System Reinforcement	2,000,000	--	200,000
Subtotal	60,850,000	8,483,000	27,417,000

EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2023	Cash Disbursements 2023
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	8,919,000	5,919,000	300,000
General Distribution System Reinforcement	3,000,000	--	300,000
Subtotal	<u>11,939,000</u>	<u>5,919,000</u>	<u>620,000</u>
General Plant Facilities			
Project 597 Additions and Alterations-Shop Facilities	10,000	--	10,000
Project 803 Additions and Alterations-Office Facilities	150,000	--	150,000
Project 2366 Electronic Security Surveillance Improvements	300,000	--	300,000
Project 2608 Central Maintenance Facility	37,283,000	30,663,000	6,620,000
Project 2737 Fleet Electrification and Efficiency	1,920,000	--	500,000
Project 3652 Capital Equipment Purchases	1,100,000	--	1,100,000
Project 3653 Vehicles and Heavy Equipment	1,460,000	--	1,460,000
Project xxxx Vulcan Phase I - Resiliency Study	1,000,000	--	1,000,000
Subtotal	<u>42,223,000</u>	<u>30,663,000</u>	<u>11,140,000</u>
System Integration Transmission Facilities			
Project 2548 Seven Corners Tank Replacement	15,734,000	1,097,000	580,000
Project 2672 Sleepy Hollow Road Pump Station	7,725,000	955,000	2,771,000
Project 2681 Sleepy Hollow Road Pump Station Transmission Mains	4,053,000	2,627,000	1,426,000
Project 2728 Lewinsville Connector Transmission Main	3,929,000	1,000	281,000
Project 2729 Poplar Heights Tank Replacement	23,014,000	202,000	2,686,000
Subtotal	<u>54,455,000</u>	<u>4,882,000</u>	<u>7,744,000</u>
Total - Additions, Extensions and Betterments	173,801,000	51,026,000	49,996,000

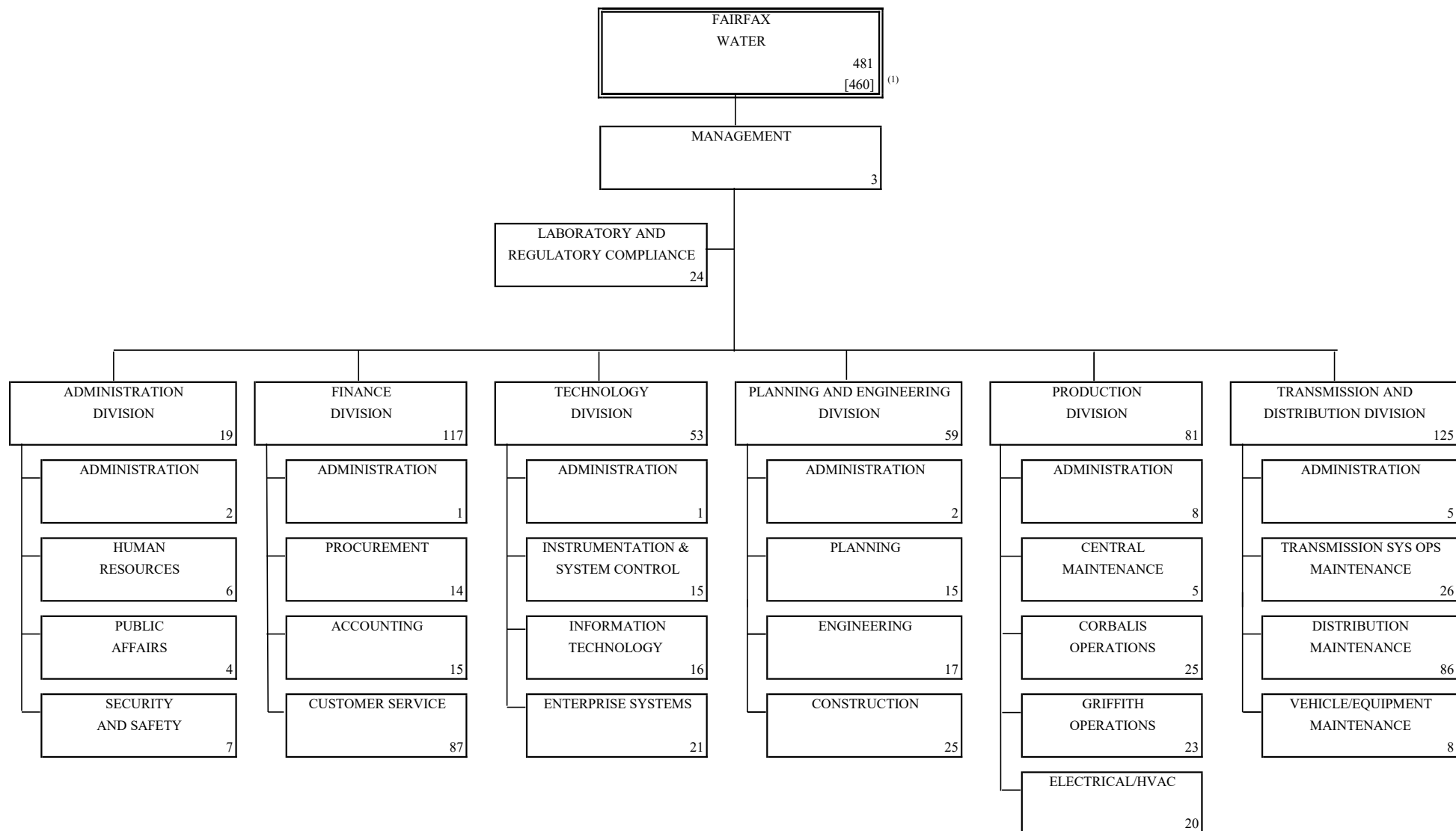
EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2023	Cash Disbursements 2023
<u>General Studies and Programs</u>			
Supply Facilities			
Project 390 Watershed Management Activities	\$ 1,329,000	\$ --	\$ 1,329,000
Subtotal	1,329,000	--	1,329,000
Treatment Facilities			
Project 1401 Water Quality Improvement Studies	75,000	--	75,000
Subtotal	75,000	--	75,000
Transmission Facilities			
Project xxxx Transmission Main Condition Assessment	200,000	--	200,000
Subtotal	200,000	--	200,000
General and Administrative			
Project 1477 Water Research Foundation	140,000	--	140,000
Project 2324 Enterprise Geographical Information System	5,792,000	4,412,000	680,000
Project 2422 Environmental Permitting and Compliance	20,000	--	20,000
Project 2426 ERP Enhancements and Upgrade	15,001,000	2,981,000	1,820,000
Project 2441 Communication Lease Handling	10,000	--	10,000
Project 2508 Water Quality and Security Program	2,408,000	583,000	160,000
Project 2566 River Mill Park	35,000	15,000	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	204,000	104,000	50,000
Project 2731 Network Enhancements	935,000	180,000	230,000
Project xxxx Computing Technology Refresh	1,190,000	--	200,000
Subtotal	27,637,000	9,527,000	3,362,000
Total - General Studies and Programs	29,241,000	9,527,000	4,966,000
Total - Part B Capital Improvement Program	867,990,000	289,739,000	149,267,000

EXHIBIT 5

<u>Item</u>	<u>Total Project Cost</u>	<u>Disbursements Prior to Jan. 1, 2023</u>	<u>Cash Disbursements 2023</u>
Disbursements - Part E Capital Improvement Program			
Transmission Facilities			
Project 2481 Tysons East Transmission Main	\$ 11,227,000	\$ 6,191,000	\$ --
Subtotal	11,227,000	6,191,000	--
Total - Part E Capital Improvement Program	11,227,000	6,191,000	--
<u>Total - Improvement Fund</u>	<u>879,217,000</u>	<u>295,930,000</u>	<u>149,267,000</u>
<u>Balance Carried Forward - December 31, 2023</u>			<u>279,000</u>

**FAIRFAX WATER
PERSONNEL ORGANIZATION PLAN
FOR THE YEAR ENDING DECEMBER 31, 2023**



⁽¹⁾ Average estimated positions filled throughout 2023.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023
DERIVATION OF PERSONAL SERVICES COSTS

<u>Base Salaries</u>	<u>2022 Budget</u>		<u>2022 Current Estimate ⁽¹⁾</u>		<u>2023 Budget</u>	
Management (Includes Members' Fees)	28	\$ 2,893,000	27	\$ 2,850,000	27	\$ 2,954,000
Administration Division	20	2,228,000	19	1,736,000	19	2,267,000
Finance Division	110	7,904,000	111	7,784,000	117	8,965,000
Planning and Engineering Division	60	6,375,000	59	6,280,000	59	6,563,000
Technology Division	50	5,980,000	53	5,970,000	53	6,396,000
Transmission and Distribution Division	125	8,592,000	125	8,184,000	125	9,013,000
Production Division	82	7,085,000	81	6,537,000	81	7,187,000
Subtotal - Base Salaries	475	41,057,000	475	39,341,000	481	43,345,000
 <u>Adjustments</u>						
Less Allowance for Vacancies		<u>(1,346,000)</u>		--		<u>(1,892,000)</u>
Subtotal		39,711,000		39,341,000		41,453,000
Plus Overtime		4,000,000		4,094,000		4,200,000
Plus Salaries for Summer/Temporary Employees		<u>600,000</u>		<u>324,000</u>		<u>600,000</u>
Subtotal		44,311,000		43,759,000		46,253,000
Plus Allowance for 7.5% Cost-of-Living Increase Effective the First Pay Period of 2023		<u>1,889,000</u>		--		<u>3,367,000</u>
Total - Personal Services		<u><u>46,200,000</u></u>		<u><u>43,759,000</u></u>		<u><u>49,620,000</u></u>

⁽¹⁾ Base salaries for 2022 Current Estimate includes a 4.4% cost-of-living increase.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023
ALLOCATION OF PERSONAL SERVICES COSTS
REVENUE AND IMPROVEMENT FUNDS

<u>REVENUE FUND</u>	2022		2023 Budget
	Budget	Current Estimate	
<u>Operation and Maintenance</u>			
Supply			
Occoquan	\$ 374,000	\$ 302,000	\$ 342,000
Potomac	362,000	298,000	338,000
Purchased	48,000	36,000	41,000
	<u>784,000</u>	<u>636,000</u>	<u>721,000</u>
Treatment			
Griffith	4,374,000	4,259,000	4,829,000
Potomac	4,606,000	4,519,000	5,124,000
	<u>8,980,000</u>	<u>8,778,000</u>	<u>9,953,000</u>
Transmission			
Transmission System	2,510,000	2,475,000	2,806,000
Wholesale Accounts	34,000	47,000	53,000
	<u>2,544,000</u>	<u>2,522,000</u>	<u>2,859,000</u>
Distribution			
Distribution System	4,372,000	3,900,000	4,422,000
Retail Accounts	9,040,000	8,760,000	9,934,000
	<u>13,412,000</u>	<u>12,660,000</u>	<u>14,356,000</u>
Administrative			
General Plant	1,662,000	1,571,000	1,781,000
Administrative	5,178,000	4,945,000	5,608,000
	<u>6,840,000</u>	<u>6,516,000</u>	<u>7,389,000</u>
Total - Operations and Maintenance	<u>32,560,000</u>	<u>31,112,000</u>	<u>35,278,000</u>

	2022		2023
	Budget	Current Estimate	Budget
<u>Other</u>			
New Services and Meters	\$ 1,512,000	\$ 1,408,000	\$ 1,597,000
Merchandising and Jobbing	3,000	2,000	3,000
Total - Other	<u>1,515,000</u>	<u>1,410,000</u>	<u>1,600,000</u>
Total - Revenue Fund	34,075,000	32,522,000	36,878,000
 <u>IMPROVEMENT FUND</u>			
General	7,612,000	7,294,000	8,325,000
Subdivision and Development	1,000,000	1,020,000	1,030,000
Extraordinary Maintenance	2,566,000	1,976,000	2,324,000
Additions and Extensions	711,000	737,000	836,000
Special Studies	236,000	210,000	227,000
Total - Improvement Fund	<u>12,125,000</u>	<u>11,237,000</u>	<u>12,742,000</u>
Total - Personal Services	<u>46,200,000</u>	<u>43,759,000</u>	<u>49,620,000</u>