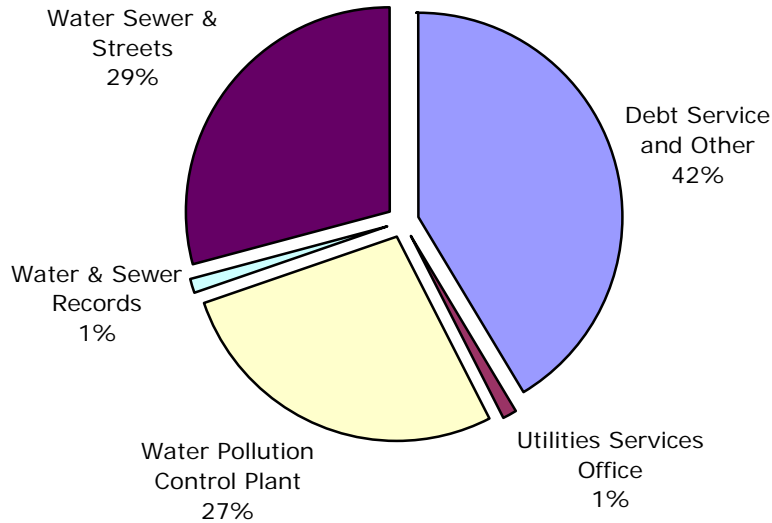


Our Mission: To build and maintain water delivery, sanitary sewer collection, and wastewater treatment systems that provide high-quality water and sewer services and products

Distribution of Fund Budget



FY 2009 PRIORITIES

The FY 2009 priorities of the Utilities Fund are:

- To implement the 2001 update to the Water Pollution Control Division Master Plan to address environmental issues, repair or replace aging infrastructure, meet new regulatory mandates, and be a good neighbor.
- To work with the U.S. Army Corps of Engineers and the Washington Aqueduct Wholesale Customer Board to ensure the provision of high-quality water that meets or exceeds all environmental and health regulations.
- To increase the capacity of the Potomac Interceptor sanitary sewer line from Rosslyn to Columbia Pike and ensure proper financing for the County's share of the Washington Aqueduct Residuals project.
- To manage operating and other capital activities in a manner that minimizes rate increases, maintains the integrity of existing utilities infrastructure, and ensures that high-quality services are delivered to County residents and businesses.
- To hedge against unforeseen circumstances by maintaining an adequate fund balance.

PROGRAM FINANCIAL SUMMARY

	FY 2007 Actual	FY 2008 Revised	FY 2009 Proposed	% Change '08 to '09
Personnel	\$15,794,809	\$16,294,298	\$17,437,852	7%
Non-Personnel	21,056,702	21,944,092	23,666,599	8%
Debt Service	6,125,856	17,651,137	24,419,450	38%
Other	3,444,594	4,164,852	4,564,846	10%
Subtotal	46,421,961	60,054,379	70,088,747	17%
Intra-County Revenue	(852,893)	(600,000)	(600,000)	-
Total Operating Expenditures	45,569,068	59,454,379	69,488,747	17%
Total Revenues	\$63,279,141	\$68,979,379	\$78,593,745	14%
Transfer to Capital	\$9,316,000	\$9,525,000	\$10,190,500	7%
Permanent FTEs	214.5	214.50	220.50	
Temporary FTEs	2.2	2.20	2.20	
Total Authorized FTEs	216.7	216.70	222.70	

SIGNIFICANT BUDGET HIGHLIGHTS

The proposed FY 2009 Utilities Fund budget is \$69,488,747, a 17 percent increase over the FY 2008 revised budget. The FY 2009 proposed budget reflects:

- ↑ Personnel expenditures include normal salary increases and corresponding increases to overtime pay, an increase in employer retirement contributions to maintain full funding of the retirement fund, and a ten percent increase in employer health insurance costs. In addition, six positions (6.0 FTEs) have been moved from the Department of Environmental Services General Fund budget to the Utilities Fund. Costs for these positions previously were transferred into the Utilities Fund, and these positions will now be charged directly to the fund.
 - ↑ Non-personnel expenditures include increases in non-discretionary contractual increases in maintenance and construction costs (\$160,066), market-based increases for chemicals and operating supplies (\$600,592), and hauling and disposal costs for biosolids and the construction debris (\$445,665) at the Water Pollution Control Plant (WPCP) and the Water, Sewer, Streets Bureau (WSS). The proposed budget also includes an increase in cost for wholesale water purchases from the Dalecarlia Water Treatment Plant at the Washington Aqueduct (\$200,000), as well as an increase in the amount of indirect costs charged from the General Fund to the Utilities Fund (\$254,058).
 - ↑ Debt service increases by \$6,768,313. This includes repayment of funds borrowed through the Virginia Wastewater Revolving Loan Fund (VWRLF), which is the primary source of financing for the Master Plan 2001 update at the WPCP, and repayment of general obligation bonds issued in FY 2007 and FY 2008 funding the Potomac Interceptor project, the County's share of the Washington Aqueduct Residuals project, and a portion of the Master Plan 2001 update.
- The total water/sewer rate will increase \$1.34 to a total of \$10.54 per thousand gallons (TG), a 14.6 percent increase, which will produce \$9.3 million of additional revenue. The water rate will increase \$0.01/TG to \$3.35/TG. The sewer rate will increase by \$1.33/TG to

\$7.19/TG. This combined \$1.34 increase will be used primarily to pay for new debt service obligations.

- The proposed budget includes an increase in the water connection fee. This fee has not increased in the past 18 years, and currently does not cover the actual cost of a connection, as intended. The current fees range from \$1,600 to \$15,500, depending on the size of the connection, and the proposed fees range from \$3,200 to \$25,300.
- The proposed budget includes an increase in the rate charged for inspections of Drainage Fixture Unit (DFU) credits, based on the actual cost of performing these inspections. Developers may request a review of actual DFUs versus the standard number of DFUs set forth in the County Water Rules and Regulations, as discussed below. The current inspection charge is \$75 for one to 24 fixtures, and from \$125 to \$175 for 25 or more fixtures. The proposed fees are \$175 for one to 24 fixtures, and \$275 for 25 or more.

The following fees and other revenue are used to fund operating and capital costs for the Utilities Fund. The capital costs are reflected in the capital portion of the budget, found in Tab M.

- **Fund Balances From Prior Years:** The County endeavors to maintain a fund balance to cover emergency events that might impact water and sewer services.
- **Interest Earnings:** Interest earned on the fund balance accrues to the Utilities Fund monthly.
- **Water/Sewer Billing:** These charges generate approximately 95 percent of the income for the Utilities Fund.
- **Water Service Connection Fee:** This fee is paid by new water users for a physical connection to the water system. The fee recovers 100 percent of personnel, materials, and equipment rental costs. The rates that the County charges for this service have not been revised since 1990. A fee increase is included in the proposed budget.
- **Sewage Treatment Charges:** These charges are paid by neighboring jurisdictions (Fairfax County and the Cities of Falls Church and Alexandria) and by government facilities and authorities (such as the Pentagon and Reagan National Airport) that use the County's sewage system, but receive their drinking water from other sources. Consistent with memoranda of understanding that the County has signed with Fairfax County and the Cities of Falls Church and Alexandria, the neighboring jurisdictions are charged both for their share of costs associated with operating the County's sewage system, as well as with making necessary capital improvements to it.
- **Water/Sewer Late Fee:** The County imposes a 6 percent fee on any water and sewer charges if, 30 days after the billing date, there is an outstanding balance on the account.
- **New Account Fee:** This \$25 fee is charged to new customers when they set up a new utilities account.
- **Turn-On Fee:** This \$25 fee is charged when the County turns on a customer's water service after it had previously been shut off either at the customer's request or for non-payment.
- **Flow Test Fee:** This fee is charged when developers request fire flow information necessary to do sprinkler system design.
- **DFU Credit Inspection Fee:** This fee is charged when developers request a credit for existing drainage fixture units (DFUs) at properties that will be demolished. (The credit offsets the Infrastructure Availability Fees that a developer will be charged for new construction.) The rates that the County charges for this service have not been revised since 1990, a fee increase is included in the proposed budget.

- **Pretreatment Fee:** This fee is assessed on certain businesses that introduce pollutants into the sewer system, or “Significant Industrial Users,” to recover all of the costs of the industrial pretreatment program, which ensures compliance with state and federal standards.
- **Utility Marking Fee:** This fee is charged to developers to have utility lines marked before construction begins.
- **Hazardous Household Material Fee:** This fee is charged for the safe disposal of televisions and computer monitors.
- **Infrastructure Availability Fee (Water/Sewer Hook-up Fee):** This fee is charged to developers for the capital costs associated with adding new demand on the water and sewer systems, and is based on the number of drainage fixtures units added to the system. Revenues for this fee are accounted for in the Utilities Capital Pay-As-You-Go Fund.

PERFORMANCE MEASURES

Critical Measures	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate	FY 2009 Target
Water quality violations	0	0	0	0	1	0	0
External bypass events per year	9	0	2	2	6	6	0
Discharges to public waterways	3	9	13	13	3	0	0
Percentage of receivables that are 30+ days late	N/A	N/A	17.6%	10%	17.5%	19%	17.5%
Sanitary sewer backups (public system)	35	10	12	28	40	40	0
Odor complaints	14	30	27	24	50	50	0

- There is a potential for an increase in external bypass events at the Water Pollution Control Plant as new facilities are installed at the Water Pollution Control Plant. Increases in odor complaints are also due to replacement of equipment during implementation of the Master Plan 2001.

UTILITIES FUND
FUND BUDGET SUMMARY

UTILITIES FUND OPERATING STATEMENT
FY 2009 PROPOSED BUDGET

	FY 2007 ACTUAL	FY 2008 ADOPTED	FY 2008 RE-ESTIMATE	FY 2009 PROPOSED
BALANCE JULY 1	9,355,368	8,480,082	17,749,441	14,672,787
REVENUE				
Interest	22,256	100,000	25,000	100,000
Water/Sewer Billing	56,324,280	64,769,379	64,249,342	74,083,745
Water Service Connection Fee	471,407	350,000	400,000	650,000
Sewage Treatment Charges	4,634,852	3,150,000	3,150,000	3,150,000
Water/Sewer Late Fee	396,336	350,000	400,000	350,000
New Account Fee	109,500	115,000	100,000	115,000
Turn-On Fee	20,375	7,000	20,000	7,000
Flow Test Fee	11,575	2,000	10,000	6,000
Drainage Fixture Unit (DFU) Credit Inspection Fee	3,200	6,000	3,000	2,000
Pretreatment Fee	27,560	20,000	20,000	20,000
Utility Marking Fee	107,536	100,000	100,000	100,000
Hazardous Household Material Fee	25,450	10,000	25,000	10,000
Miscellaneous Revenue	1,124,814	-	-	-
TOTAL REVENUE	63,279,141	68,979,379	68,502,342	78,593,745
TRANSFERS IN				
Utilities Construction (Fund 519)	-	-	-	-
TOTAL TRANSFERS IN	-	-	-	-
TOTAL BALANCE, TRANSFERS IN & REVENUE	72,634,509	77,459,461	86,251,783	93,266,532
OPERATING EXPENSES				
Utilities Services Office (net of intra-county billing revenue)	(66,673)	243,000	243,000	268,515
WSS Operations	12,475,068	11,608,450	13,232,688	12,559,538
Water Purchase	6,427,536	7,600,000	7,270,000	7,800,000
Water/Sewer Records	522,751	679,930	679,930	727,292
Water Pollution Control	16,639,936	17,507,010	17,507,010	19,149,106
Debt Service	6,125,856	17,651,137	15,658,055	24,419,450
Other	3,444,594	3,914,852	3,788,457	4,564,846
Rate Stabilization Account	-	250,000	-	-
TOTAL EXPENSES	45,569,068	59,454,379	58,379,140	69,488,747
BALANCE (SUBTOTAL)	27,065,441	18,005,082	27,872,643	23,777,785
TRANSFERS OUT				
Utility Construction (Fund 519)	9,316,000	9,525,000	13,199,856	10,190,500
TOTAL TRANSFERS	9,316,000	9,525,000	13,199,856	10,190,500
TOTAL EXPENSE AND TRANSFERS	54,885,068	68,979,379	71,578,996	79,679,247
BALANCE, JUNE 30	17,749,441	8,480,082	14,672,787	13,587,285
Water/Sewer Rate per 1,000 gallons	\$8.00	\$9.20	\$9.20	\$10.54

- The increased transfer to the Utilities Construction Fund in the FY 2008 re-estimated budget corrects an accounting error in FY 2007, which lowered the FY 2007 transfer by \$3.7 million.