
UTILITIES FUND
DEPARTMENT OF ENVIRONMENTAL SERVICES

FUND BUDGET SUMMARY

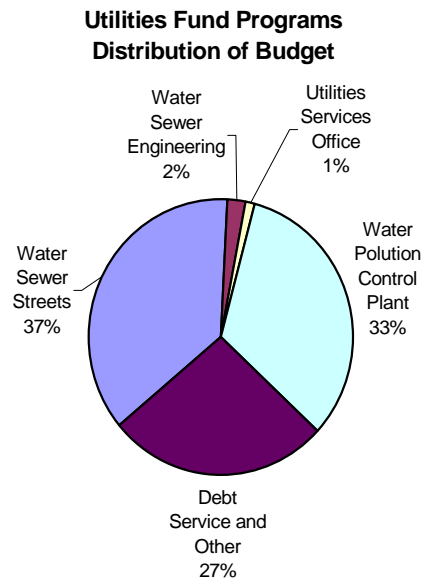
PROGRAM MISSION: To build and maintain water delivery, sanitary sewer collection, and wastewater treatment systems that provide high-quality water and sewer services and products.

FY 2006 PRIORITIES: The FY 2006 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 evaluate the County's ability to provide full services to all current and future Arlington customers over many years and provide capital, operational, and financial plans to ensure the infrastructure is in place.
- ❖ To manage operating and capital activities in a manner that minimizes rate increases.
- ❖ To provide high quality design and construction management services for all utility capital projects.
- ❖ To continue the ongoing maintenance of the County's utility infrastructure and to ensure that high-quality products and services are delivered to the County's residents.
- ❖ To mitigate natural and non-natural emergency events that impact water or sewer services.

PRINCIPAL PROGRAMS: The principal programs of the Utilities Fund are:

- ❖ Utilities Services
- ❖ Water Pollution Control
- ❖ Water, Sewer and Streets
- ❖ Water Sewer Engineering
- ❖ Debt Service and Other



SIGNIFICANT BUDGET CHANGES: The FY 2006 proposed budget for the Utilities Fund is \$45,624,252, a nine percent increase from the FY 2005 adopted budget. The FY 2006 proposed budget reflects:

- ↑ The personnel budget includes increases for step and pay pilot increases. Also included is an increase of \$57,000 for call-back pay needed to meet service expectations in Utilities Operations.
- ↓ An Occupational Development position (1.0 FTE, \$86,000) was transferred to the General Fund to Departmental of Environmental Services Administration.
- ↑ Non-personnel increases of \$385,000 at the Water Pollution Control Plant are due largely to higher electricity and other utilities costs (\$177,000), increase in County vehicle rental charges (\$12,000), addition

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of one security guard during the construction of the Master Plan (\$28,000), and higher costs in bio-solids hauling (\$97,000). Non-personnel also increases for water purchase costs (\$234,000) from the Dalecarlia Water Treatment Plant at the Washington Aqueduct.

- ↑ Debt service increases a total of \$1,047,802. Principal and interest payments for existing debt decreased \$311,000. An increase in debt service of \$1,069,000 is included for the planned expansion and upgrade of the Water Pollution Control Plant, and \$290,000 for the bond financing costs for the Potomac Interceptor sewer project.
- ↑ Other expenses will increase for the funding of the rate stabilization account (\$1,000,000), an estimate for Utilities Fund compensation increases (\$500,000) and an increase in the charges to the Utilities Fund for work performed by General Fund agencies and County overhead (\$281,000).

The total water/sewer rate will increase \$0.93 to a total of \$7.13 per thousand gallons (Tgal), a 15 percent increase, producing \$6.8M of additional revenue. The water rate will increase by \$.55/Tgal to \$3.02/Tgal. The sewer rate will increase by \$.38/Tgal to \$4.11/Tgal. This combined \$0.93 increase will be used to fund ongoing operations and maintenance, to fund new and continuing debt service, and to continue to maintain the fund balance to mitigate natural and non-natural emergency events that impact water or sewer services.

The following fees and other revenue are proposed to fund operating and capital costs for the Utilities Fund. The capital costs are reflected in the capital portion of the budget.

- ❖ **Fund Balances From Prior Years:** Estimates of fund balances are projected during each budget cycle. Projected surplus is carried over and budgeted to assist in reducing the need to increase the water/sewer charge in the next fiscal year.
- ❖ **Interest Earnings:** Funds are invested until such time as they are needed to cover expenses, with interest income accruing to the Fund.
- ❖ **Water/Sewer Billings:** These charges generate approximately **90 percent** of the income for the Utilities Fund.
- ❖ **Water Service Connection Fees:** These fees are paid by new water users for the physical connection to the water system. This fee recovers 100 percent of personnel, materials, and rental of equipment costs.
- ❖ **Sewage Treatment Charges:** These charges are paid by neighboring jurisdictions (Fairfax County and the Cities of Falls Church and Alexandria), federal government facilities and authorities (such as the Pentagon, and Washington National Airport) that use the County sewage system but supply their own water and by facilities such as Fort Myer that use the County sewage and also pay a fee for use of the water system.
- ❖ **Water/Sewer (W/S) Late Charges:** These fees are charged to residents who return their utilities payment past the 30-day payment deadline. After 30 days, a six-percent late charge is imposed on outstanding utility bills.
- ❖ **New Account Fee:** This fee is charged to any commercial entity or resident requesting the set-up of a new utilities account. The cost for establishing a new account is **\$25**.
- ❖ **Turn-On Fee:** This fee is charged to homeowners when they request the County to turn on water connections to their home that were previously shut off. The charge for this service is **\$25**.
- ❖ **Flow Meter Testing Fees:** These fees are assessed on individuals or entities requiring the flushing of fire hydrants for flow testing purposes or requesting field inspections to count drainage fixture units. These services are performed upon request from developers and building owners.
- ❖ **Pretreatment Fee:** This fee is assessed on Permitted Industrial Users to recover all of the costs of the industrial pretreatment program, which ensures compliance with state and federal standards.
- ❖ **Infrastructure Availability Fee (Water/Sewer Hook-up Fee):** This fee, which is charged to developers to enable them to buy into the system's limited capacity by the amount of fixtures they add to the system, is paid into the capital portion of the budget. It is used to expand the capacity of the system through capital

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construction. Capital improvements that are not expansion projects are generally funded either by PAYGO capital or bonds. The model that calculates the fee is currently under review and recommendations will be brought forth to the county board in FY 2006.

- ❖ **Utility Marking Fees:** Fees paid to have utility lines marked before construction begins.

UTILITIES FUND FINANCIAL SUMMARY

	FY 2004	FY 2005	FY 2006	% Change:
	<u>Actual</u>	<u>Adopted</u>	<u>Proposed</u>	'05 to '06
Personnel	\$13,636,274	\$14,245,722	\$14,519,937	2%
Non-Personnel	17,539,127	18,377,219	19,138,340	4%
Debt Service	5,127,832	6,327,307	7,375,109	17%
Other	2,745,644	3,136,382	4,855,866	55%
Subtotal	39,048,877	42,086,630	45,889,252	9%
Intra-County Revenue	(516,002)	(265,000)	(265,000)	-
Total Expenditures	\$38,532,875	\$41,821,630	\$45,624,252	9%
Authorized FTEs	220.7	221.7	220.7	
Funded FTEs	220.7	221.7	220.7	

PERFORMANCE MEASURES:

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2006
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Goal</u>
<i>Mission Outcome Measures</i>						
Water quality violations	0	0	0	0	0	0
Bypass events per year	1	8	9	3	2	2
Discharges to public waterways	4	4	3	3	3	0
Percentage of bills sent according to schedule	100%	100%	100%	100%	100%	100%
<i>Customer Measures</i>						
Sanitary sewer backups (public system)	32	30	35	40	40	40
Odor complaints	57	39	14	50	25	0