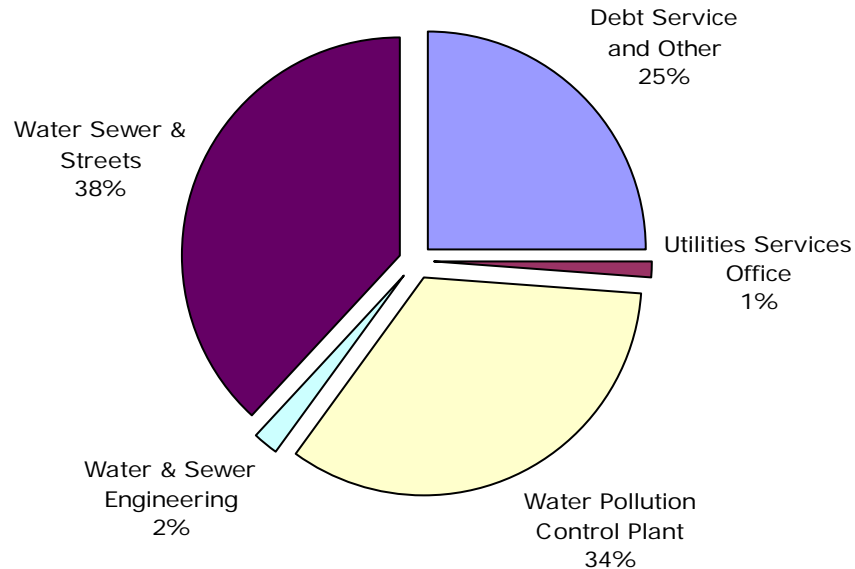


Our Mission: To build and maintain water delivery, sanitary sewer collection, and wastewater treatment systems that provide high-quality water and sewer services and products

Distribution of Fund Budget



FY 2007 PRIORITIES

The FY 2007 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.

PROGRAM FINANCIAL SUMMARY

	FY 2005 Actual	FY 2006 Adopted	FY 2007 Proposed	% Change '06 to '07
Personnel	\$13,715,240	\$14,787,283	\$15,700,109	6%
Non-Personnel	18,570,710	19,138,340	20,362,237	6%
Debt Service	5,164,353	7,375,109	7,604,413	3%
Other	2,672,959	4,588,520	4,313,077	-6%
Subtotal	40,123,262	45,889,252	47,979,836	5%
Intra-County Revenue	(522,394)	(265,000)	(265,000)	-
Total Expenditures	\$39,600,868	\$45,624,252	\$47,714,836	5%
Authorized FTEs	221.7	220.7	216.7	
Funded FTEs	221.7	220.7	216.7	

SIGNIFICANT BUDGET HIGHLIGHTS

The FY 2007 proposed budget for the Utilities Fund is \$47,714,836, a five percent increase from the FY 2006 adopted budget. The FY 2007 proposed budget reflects:

- ↑ Increase in personnel due to two percent market pay line adjustment, a 10% increase in employer health insurance costs, and an increase in employer retirement contributions to maintain full funding of the retirement fund. The increase also reflects the proposed increase in the living wage rate from \$11.20 to \$11.80 per hour and increases for standby and call-back pay needed to meet service expectations in Utilities Operations.
- ↓ Water Sewer and Streets, and Water Sewer Engineering positions (4.0 FTEs, \$316,000) were transferred to the Departmental of Environmental Services Development Group in the General Fund and will be charged back to the Utilities Fund as an overhead chargeback (see below).
- ↑ Non-personnel increases are included for utilities and fuel (\$295,000), increases in hauling and disposal costs for construction spoils from utilities operations (\$351,000), market price increases for chemicals for the Water Pollution Control Plant (\$224,000), other maintenance and contract increases (\$307,000), increase in County vehicle rental charges (\$8,000), higher costs in bio-solids hauling (\$52,000) and an increase for cost of water purchased (\$100,000) from the Dalecarlia Water Treatment Plant at the Washington Aqueduct.
- ↑ Debt service payments increase for existing debt – bond and other (\$229,304).
- ↓ “Other” expenses decrease (\$275,443) primarily due to the allocation of compensation contingent to Utility Fund personnel (\$550,000) and the decrease in the funding of the rate stabilization account (\$500,000). Those decreases are partially offset, primarily by an increase in the charges to the Utilities Fund for work performed by General Fund agencies and County overhead (\$341,000), which includes the additional overhead for the Development Group from the General Fund (\$316,000).

The total water/sewer rate will increase \$0.39 to a total of \$7.52 per thousand gallons (Tgal), a 5.5 percent increase, producing \$1.5 million of additional revenue. The water rate will increase by \$.19/Tgal to \$3.21/Tgal. The sewer rate will increase by \$.20/Tgal to \$4.31/Tgal. This combined \$0.39 increase will be used to fund ongoing operations and maintenance, to fund existing and new

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 93 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 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 2007.
- **Utility Marking Fees:** Fees paid to have utility lines marked before construction begins.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate	FY 2007 Goal
Water quality violations	0	0	0	0	0	0	0
Bypass events per year	1	8	9	0	2	2	2
Discharges to public waterways	4	4	3	9	3	3	0
Percentage of bills sent according to schedule	100%	100%	100%	100%	100%	100%	100%
Sanitary sewer backups (public system)	32	30	35	10	40	40	40
Odor complaints	57	39	14	30	25	25	0

UTILITIES FUND
FUND BUDGET SUMMARY

UTILITIES FUND OPERATING STATEMENT
FY 2007 PROPOSED BUDGET

	FY 2005 ACTUAL	FY 2006 ADOPTED	FY 2006 UPDATED	FY 2007 PROPOSED
BALANCE JULY 1	1,326,641	1,326,641	3,705,041	3,360,569
REVENUE				
Interest (0311)	38,731	100,000	50,000	50,000
Water-Sewer Billings (0482)	44,262,851	51,806,085	51,806,085	53,317,336
Water Connections (0484)	547,212	400,000	400,000	400,000
Sewage Treatment Charges (0486)	3,396,979	2,771,500	3,121,500	2,801,000
W/S Late Charges (0482 01)	386,924	210,000	310,000	210,000
New Account Fee (0482 02)	122,275	115,000	115,000	115,000
Turn On Fee (0482 03)	7,125	7,000	7,000	7,000
Flow Test Fees (0488)	14,375	8,000	8,000	8,000
Pre-treatment Fees (0486 03)	18,893	52,000	52,000	20,000
Late Charge & Turn-On Fee (0489)	18,000	-	-	-
Utility Marking (Begin FY 03 - 0444)	121,566	100,000	100,000	100,000
Misc (0509, 749 and 805)	7,803	-	-	2,500
TOTAL REVENUE	48,942,734	55,569,585	55,969,585	57,030,836
TRANSFERS IN				
Utilities Construction (Fund 019)	-	-	-	-
TOTAL TRANSFERS IN	-	-	-	-
TOTAL BALANCE, TRANS IN & REVENUE	50,269,375	56,896,226	59,674,626	60,391,405
OPERATING EXPENSES				
Utilities Services (331)	193,362	448,069	256,838	518,289
WSS Operations (321)	10,356,470	9,674,336	9,684,636	10,714,578
Water Purchase (321)	6,732,979	7,300,000	7,300,000	7,400,000
Water/Sewer Engineering (323)	694,647	1,071,767	1,545,691	887,104
Water Pollution Control (333)	13,786,097	15,166,451	15,586,789	16,277,375
Debt Service (334- Part)	5,164,353	7,375,109	7,375,109	7,604,413
Other (334 - Part)	2,672,959	3,088,520	3,119,661	3,313,077
Rate Stabilization Account		1,500,000	1,500,000	1,000,000
TOTAL EXPENSES	39,600,867	45,624,252	46,368,724	47,714,836
BALANCE (SUBTOTAL)	10,668,508	11,271,974	13,305,902	12,676,569
TRANSFERS OUT				
Utility Construction (Fund 019)	6,963,467	9,945,333	9,945,333	9,316,000
Dalecarlia Capital Financing	-	-	-	-
Automotive Equipment (Fund 009)	-	-	-	-
TOTAL TRANSFERS	6,963,467	9,945,333	9,945,333	9,316,000
TOTAL EXPENSE AND TRANSFERS	46,564,334	55,569,585	56,314,057	57,030,836
BALANCE, JUNE 30	3,705,041	1,326,641	3,360,569	3,360,569

Water/Sewer Rate per 1,000 gallons	\$6.20	\$7.13	\$7.13	\$7.52
------------------------------------	--------	--------	--------	--------