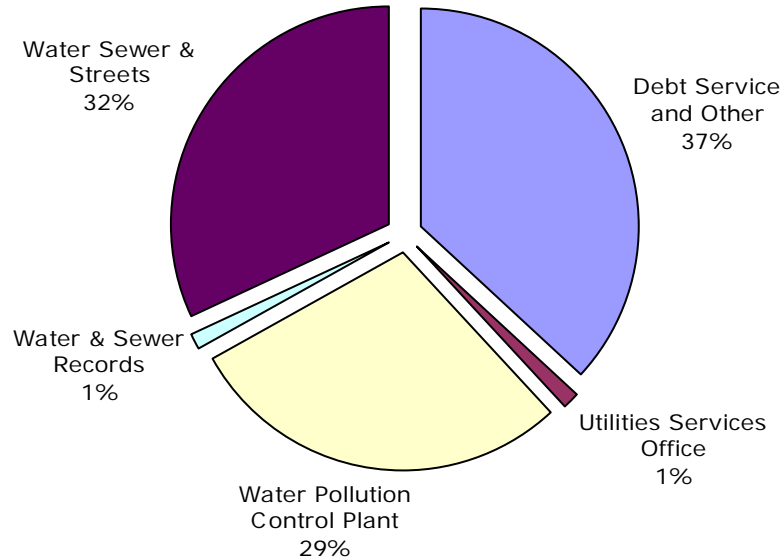


*Our Mission: To build and maintain water delivery, sanitary sewer collection, and wastewater treatment systems that provide high-quality water and sewer services and products*

**Distribution of Fund Budget**



**FY 2008 PRIORITIES**

The FY 2008 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 ensure the successful implementation of the County's Automatic Meter Reading project.
- To implement new Infrastructure Availability Fee policies.
- 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 2006 Actual	FY 2007 Revised	FY 2008 Proposed	% Change '07 to '08
Personnel	\$14,801,460	\$15,652,184	\$16,133,663	3%
Non-Personnel	19,000,154	20,410,162	21,944,092	8%
Debt Service	5,644,001	10,924,688	17,651,137	62%
Other	2,991,861	4,313,077	4,325,487	-
Subtotal	42,437,476	51,300,111	60,054,379	17%
Intra-County Revenue	(701,266)	(265,000)	(600,000)	126%
<b>Total Operating Expenditures</b>	<b>\$41,736,210</b>	<b>\$51,035,111</b>	<b>\$59,454,379</b>	<b>16%</b>
<b>Total Revenues</b>	<b>\$57,331,870</b>	<b>\$60,351,109</b>	<b>\$68,979,379</b>	<b>14%</b>
<b>Transfer to Capital</b>	<b>\$9,945,333</b>	<b>\$9,316,000</b>	<b>\$9,525,000</b>	<b>2%</b>
Authorized FTEs	220.7	216.7	216.70	
Funded FTEs	220.7	216.7	216.70	

**SIGNIFICANT BUDGET HIGHLIGHTS**

The proposed FY 2008 Utilities Fund budget is \$59,454,379, a 16 percent increase over the FY 2007 revised budget. The FY 2008 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 15 percent increase in employer health insurance costs.
- ↑ Non-personnel expenditures include increases in electricity, water and fuel at the Water Pollution Control Plant (WPCP) and the Water, Sewer, Streets Bureau (\$505,520) and non-discretionary contractual increases in maintenance and construction costs (\$263,044), chemicals and supplies (\$192,524), and biosolids hauling (\$73,987) at the WPCP. Increases at the Water, Sewer, Streets Bureau include increased County vehicle charges (\$121,456). The proposed budget also includes additional funds for wholesale water purchases from the Dalecarlia Water Treatment Plant at the Washington Aqueduct (\$200,000).
- ↑ Debt service in the FY 2008 Proposed Budget increases by \$6,726,449. 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 proposed to be issued in FY 2007 that will pay for 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 \$1.20 to a total of \$9.20 per thousand gallons (TG), a 15 percent increase, which will produce \$8.1 million of additional revenue. The water rate will increase by \$0.13/TG to \$3.34/TG. The sewer rate will increase by \$1.07/TG to \$5.86/TG. This combined \$1.20 increase will be used primarily to pay for new debt service obligations.

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.

- **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 and the County's escrow account with the Washington Aqueduct accrues to the Utilities Fund monthly.
- **Water/Sewer Billing:** These charges generate approximately 94 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 are currently under review and recommendations for changes will be brought to the County Board before the beginning of FY 2008.
- **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. This credit will offset the Infrastructure Availability Fees that a developer will be charged for new construction.
- **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. The fee has not been updated since 1997, and based on a recently completed analysis, is recommending an increase in the fee. Additional details can be found in Section O.

**PERFORMANCE MEASURES**

Critical Measures	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate	FY 2008 Goal
Water quality violations	0	0	0	0	0	0	0
External bypass events per year	8	9	0	2	6	6	0
Discharges to public waterways	4	3	9	13	3	3	0
Percentage of receivables that are 30+ days late	n/a	n/a	n/a	17.6%	n/a	19.0%	17.5%
Sanitary sewer backups (public system)	30	35	10	12	40	40	40
Odor complaints	39	14	30	27	25	50	0

**UTILITIES FUND**  
**FUND BUDGET SUMMARY**

**UTILITIES FUND OPERATING STATEMENT**  
**FY 2008 PROPOSED BUDGET**

	FY 2006 ACTUAL	FY 2007 REVISED	FY 2007 RE-ESTIMATE	FY 2008 PROPOSED
<b>BALANCE JULY 1</b>	3,705,041	3,705,041	9,355,368	8,480,082
<b>REVENUE</b>				
Interest	97,588	50,000	50,000	100,000
Water/Sewer Billing	51,813,058	56,637,609	56,637,609	64,769,380
Water Service Connection Fee	535,442	400,000	400,000	350,000
Sewage Treatment Charges	4,134,499	2,801,000	2,801,000	3,150,000
Water/Sewer Late Fee	431,979	210,000	210,000	350,000
New Account Fee	111,075	115,000	115,000	115,000
Turn-On Fee	6,050	7,000	7,000	7,000
Flow Test Fee	12,800	8,000	8,000	6,000
Drainage Fixture Unit (DFU) Credit Inspection Fee	2,300	-	-	2,000
Pretreatment Fee	43,680	20,000	20,000	20,000
Utility Marking Fee	114,895	100,000	100,000	100,000
Hazardous Household Material Fee	23,450	2,500	2,500	10,000
Miscellaneous Revenue	5,054	-	-	-
<b>TOTAL REVENUE</b>	<b>57,331,870</b>	<b>60,351,109</b>	<b>60,351,109</b>	<b>68,979,380</b>
<b>TRANSFERS IN</b>				
Utilities Construction (Fund 519)	-	-	-	-
<b>TOTAL TRANSFERS IN</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL BALANCE, TRANSFERS IN &amp; REVENUE</b>	<b>61,036,911</b>	<b>64,056,150</b>	<b>69,706,477</b>	<b>77,459,462</b>
<b>OPERATING EXPENSES</b>				
Utilities Services Office (net of intra-county billing revenue)	(71,367)	518,289	518,289	234,924
WSS Operations	10,264,145	10,959,586	11,078,796	11,543,544
Water Purchase	6,961,855	7,400,000	7,400,000	7,600,000
Water/Sewer Records	814,059	642,096	997,096	675,570
Water Pollution Control	15,131,656	16,277,375	16,668,449	17,423,717
Debt Service	5,644,001	10,924,688	10,924,688	17,651,137
Other	2,991,861	3,313,077	3,323,077	4,075,487
Rate Stabilization Account	-	1,000,000	1,000,000	250,000
<b>TOTAL EXPENSES</b>	<b>41,736,210</b>	<b>51,035,111</b>	<b>51,910,395</b>	<b>59,454,379</b>
<b>BALANCE (SUBTOTAL)</b>	<b>19,300,701</b>	<b>13,021,039</b>	<b>17,796,082</b>	<b>18,005,083</b>
<b>TRANSFERS OUT</b>				
Utility Construction (Fund 519)	9,945,333	9,316,000	9,316,000	9,525,000
<b>TOTAL TRANSFERS</b>	<b>9,945,333</b>	<b>9,316,000</b>	<b>9,316,000</b>	<b>9,525,000</b>
<b>TOTAL EXPENSE AND TRANSFERS</b>	<b>51,681,543</b>	<b>60,351,111</b>	<b>61,226,395</b>	<b>68,979,379</b>
<b>BALANCE, JUNE 30</b>	<b>9,355,368</b>	<b>3,705,039</b>	<b>8,480,082</b>	<b>8,480,083</b>
Water/Sewer Rate per 1,000 gallons	\$7.13	\$8.00	\$8.00	\$9.20

The FY 2007 RE-ESTIMATE is the current projection of expenses and revenues whereas the FY 2007 Revised shown in the Financial Summary portion of the narrative is the County Board FY 2007 Adopted Budget plus FY 2007 supplemental appropriations.