

OPERATING & CAPITAL BUDGET

FISCAL YEAR 2022



OPERATING & CAPITAL BUDGET

Fiscal Year 2022

ADOPTED: MAY 13, 2021

BOARD OF DIRECTORS

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Operating Budget

SECTION I

The FY'22 Adopted Budget was developed in alignment with the Board of Director's Vision to:

- Be a Nationally Recognized Model for Excellence
- Provide consistently high levels of quality, reliability and customer satisfaction
- Make effective use of state-of-the-art technology
- Model fiscally and environmentally sound practices
- Set rates and fees that are both equitable and adequate

Proposed annual performance and project goals are included in Section III and are aligned with the Board's Vision, Service Authority's Strategic Plan and the FY'22 Adopted Budget. The FY'22 Budget includes no rate increases and after two years includes spending that reflects a return to normal operations. Highlights include:

- Total revenue is projected to increase from \$147.3 million to \$156.6 million. No user rate or availability fee increases are included in the budget. Revenue is projected to increase primarily due to greater development activity and a return to pre-pandemic usage estimates.
- Total expenses are projected to be \$97.3 million which represents a \$2.8 million or 2.9% increase from the prior budget (an average annual budget increase over the last two years of 1.3%). The budget reflects increases to utilities and materials/supplies, resumes repairs and maintenance that were curtailed as a result of the coronavirus pandemic, and reinstates pay-for-performance to recognize performance and retain staff.
- The net change (difference between revenue and expense) is set aside to maintain and replace infrastructure, support development (consistent with the County's Comprehensive Plan) and pay debt service. Capital projects are estimated at \$75.4 million, which consist of \$33.8 million in debt funded projects and \$41.6 million in cash funded projects. The Board of Directors approved plans to issue approximately \$164.0 million in debt, which will add debt service of up to \$4.8 million in FY'22.

Budget Overview – All Funds

FY'22 Operating & Capital Budget and Business Goals

TABLE 1 - BUDGET OVERVIEW - ALL FUNDS

Description	FY'21 Budget	FY'22 Request	Difference	Percent Change	Notes
<u>Revenue</u>					
R1 User Charges	\$ 121,455,000	\$ 122,500,000	\$ 1,045,000	0.9%	- 1.2% account growth & suspension of disconnections and late fees
R2 Avail. Fees & Developer Charges	22,442,039	30,090,300	7,648,261	34.1%	- Projected ERUs of 1,850 in FY'22 vs 1,350 in FY'21
R3 Interest Income	2,676,000	3,109,000	433,000	16.2%	- Higher interest income due to higher fund balance
R4 Lease Revenue	714,500	903,000	188,500	26.4%	- Reflects existing antenna leases
Total Revenue	\$ 147,287,539	\$ 156,602,300	\$ 9,314,761	6.3%	- See notes above for R1, R2, R3 & R4
<u>Expenses</u>					
E1 Human Resources	\$ 39,580,100	\$ 40,722,800	\$ 1,142,700	2.9%	- Includes a merit Pool and health Insurance premium increase - Decrease in Fairfax Water wholesale projected rate offset by increases to sewer
E2 Purchased Resources	30,456,791	30,206,746	(250,045)	-0.8%	
E3 Material & Supplies	6,336,326	6,729,000	392,674	6.2%	- Increase in chemical costs, materials, parts & supplies
E4 Utilities	4,287,000	4,845,000	558,000	13.0%	- Increase in rates and usage (SCADA Telecommunications)
E5 Contr. Serv., Ins., Rent and Other	13,599,700	14,545,500	945,800	7.0%	- Increase of IT programs, preventative maintenance and training
E6 Contingency	300,000	300,000	-	0.0%	- Remains flat to FY'21
Total Expenses	\$ 94,559,917	\$ 97,349,046	\$ 2,789,129	2.9%	- See notes above for E1, E2, E3, E4, E5 & E6
<u>Plan of Finance and Capital Budget</u>					
Debt Service (Principal & Interest)		\$ 29,131,488			- Includes new debt issuance - see page 11 - Includes Replacement & Expansion projects (Cash and Debt Funded)
Capital Improvement Program (CIP)		75,386,000			

REVENUES

R1	<ul style="list-style-type: none"> › User Charges increased 0.9% primarily due to account growth and a return to pre-pandemic usage estimates per account. There are no rate increases planned for FY'22, however, a rate study is planned to be completed and will evaluate rates for FY'23 - FY'25. › No Late Fees or Disconnect Fees are included in the budget. Collection activities are currently suspended until the State moratorium is lifted and staff return to the Board with a reinstatement plan.
R2	<p>Availability Fees authorize a customer to establish service and cover the pro-rata share of capacity and infrastructure. Revenue from Availability Fees & Developer Charges increased 34.1% reflects greater development activity with a projection of 1,850 Equivalent Residential Units (ERUs) vs. 1,350 in FY'21.</p>
R3	<p>Interest earnings on fund balances are expected to increase based on higher fund balances.</p>
R4	<p>Antenna Lease revenue is budgeted at \$903,000 and reflects existing leases.</p>

EXPENSES

E1	<ul style="list-style-type: none"> › Human Resource expenses are budgeted to increase 2.9% and reflects the following: <ul style="list-style-type: none"> › An increase to salaries and wages of \$943,000 or 3.2%. Salaries and wages reflects a headcount of 362.0 FTE's, a vacancy rate of 5.0%, and a return to pay-for-performance which was suspended in FY'21. <ul style="list-style-type: none"> ▪ A performance pay pool of up to \$1,100,000 is requested to recognize performance and retain staff. The pool provides base merit increases and one-time payments for all eligible employees. Recognition is based on employee performance level, with base pay increases (excluding Directors and above) ranging from 0% to 4% (with an average of 3.0%). This is consistent with available comparator data from PWC, Alexandria Renew, Loudoun County and World@Work. The job market
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	<p>is extremely competitive and an alignment with the market is needed to retain highly qualified employees. Additional information will be presented during the Budget Work-Session.</p> <ul style="list-style-type: none"> ▪ The budget includes a 2.0% salary scale adjustment as recommended in the last compensation study. This is an adjustment to the scale and only impacts an employee's wage if the employee's pay falls below the minimum (after proposed merit increases), which is estimated to have a budget impact of less than \$5,000. <p>› An increase to Fringe Benefits of \$199,700 or 1.9% which reflects:</p> <ul style="list-style-type: none"> ▪ An increase of \$132,700 in payroll taxes, workers compensation costs, and VRS contributions, all of which are based on employee wages. The VRS contribution rate remains unchanged. ▪ An increase of \$67,000 to health insurance which reflects current plan enrollments and a 5.0% increase in Anthem premiums. The Anthem health insurance plan is self-insured and subject to fluctuation based on claims. Health plans and contribution rates will be assessed in FY22 with guidance from the Board of Directors.
E2	<p>Purchased Resources are contracted pass-through costs that include wholesale water purchases from Fairfax Water and the City of Manassas, sewer services paid to UOSA, and trash services to customers in Yorkshire. Total Purchased Resources are down \$250,045 or 0.8% from FY'21, primarily due to a decrease of \$829,623 or 5.2% due to a lower projected wholesale rate from Fairfax Water, partially offset by increases in Purchased Sewer due to higher operating costs from UOSA (\$439,578 or 3.1%) and Purchased Trash (\$50,000 increase to refuse and recycling costs, and new county-required services).</p>
E3	<p>Materials & Supplies include tools, small equipment, chemicals, parts and supplies, postage, uniforms, and other materials that are essential for day-to-day operations. An increase of \$392,674 is due to higher chemical costs (Ferric Chloride/Methanol), and additional mechanical/electrical supplies.</p>
E4	<p>Utility costs are projected to increase \$558,000 due to higher electricity rates and upgraded telecommunications.</p>

Budget Details & Assumptions

FY'22 Operating & Capital
Budget and Business Goals

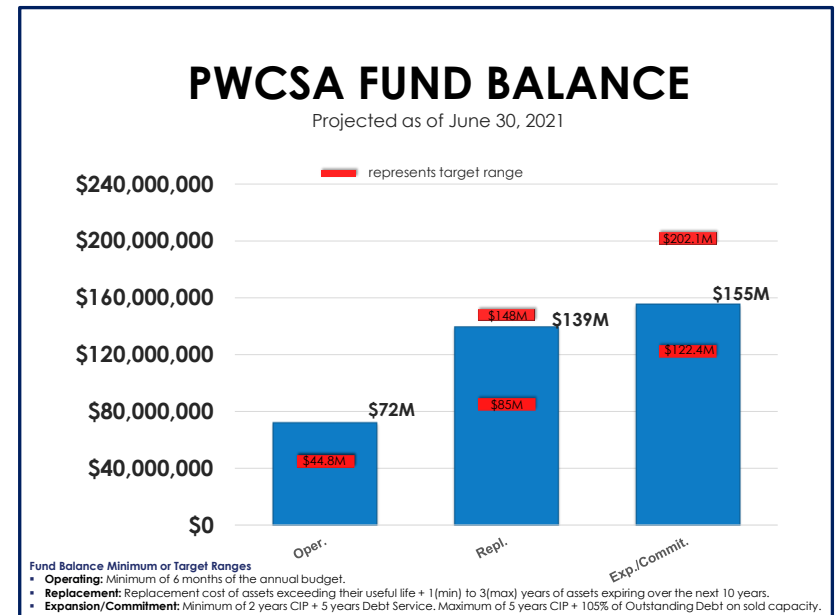
E5	<p>Contractual Service consists of recurring and on-demand contracts such as security, master planning, sewer condition assessments, janitorial services, invoice printing & mailing, cybersecurity monitoring services, hardware/software development, and maintenance/support contracts. The Contractual Services budget increased \$945,800 or 7.0% due to:</p> <ul style="list-style-type: none">▪ Regulatory cycles/permit support (Arc Flash, Air Permits, PCB Study) \$262,500▪ IT program support and annual subscriptions from recent capital investments \$205,000▪ Expanded cybersecurity program support and initiatives \$180,000▪ Engineering Studies and other services \$178,300▪ Preventative maintenance (Sewer condition assessments, valve exercising, corrosion) \$120,000
E6	<p>Contingency amount remained flat to FY'21.</p>

Sources & Uses (in Millions)			
Operating and Replacement		Expansion and Commitment	
Serving Existing Customers		Serving New Customers	
<u>Sources of Funds</u>		<u>Sources of Funds</u>	
User Charges	\$122.5	Developer Charges	\$30.1
Other Operating Revenue	0.9	Other Operating Revenue	0.0
Interest Income	1.9	Interest Income	1.2
Projected Source of Funds	\$125.3	Projected Source of Funds	\$31.3
<u>Uses of Funds</u>		<u>Uses of Funds</u>	
Human Resources	\$37.1	Human Resources	\$3.6
Purchased Resources	29.5	Purchased Resources	0.7
Contractual	11.1	Contractual	1.4
Utilities, Materials, Other	13.8	Utilities, Materials, Other	0.1
Debt Service	9.5	Debt Service	20.7
Replacement Capital ¹	24.0	Expansion Capital ¹	3.0
Projected Use of Funds	\$125.0	Projected Use of Funds	\$29.5
Net Change	0.3	Net Change	1.8

¹ For cash flow projection purposes, the Service Authority projects capital spending of \$27.0M for cash funded projects. Spending on debt funded capital is not included above.

■ The Service Authority's budget and accounting are managed on a "four-fund" basis to track revenues and expenses as they relate to the operations (serving existing customers) and growth (serving new customers through development).

■ Fund balances are projected to be \$369.0 million as of June 30, 2021 and projected to remain within the target ranges at the end of fiscal year 2022. While the replacement balance is projected to grow slightly, the target balance range is expected to rise due to assets due for replacement.



■ The net change in funds varies from projections each year mostly due to weather impacts on User Charges, economic impacts on development activities, and the timing of operating expenses. As water and sewer utilities are a capital-intensive industry, the net change is set aside to maintain and replace infrastructure and support economic development (consistent with Prince William County's Comprehensive Plan). Healthy fund balances also allow a utility to weather uncertain times. Target balance ranges are set to ensure funding is available to timely address infrastructure repairs and replacement needs. A long-term financial planning approach supports rate stability (small incremental rate increases as needed), affordability (utility bill as a % of the lowest quintile of household income), service reliability and quality, and protects the public health and safety.

TABLE 2 - RATE COMPARISON		
JURISDICTION	AVG. USE - 5 TGALS	
Fauquier	\$	135.07
City of Manassas Park	\$	96.00
Virginia Average ¹	\$	86.06
Virginia American	\$	83.43
City of Manassas	\$	81.12
Stafford County	\$	78.82
City of Falls Church	\$	72.95
PWCSA	\$	69.45
Fairfax Water/County	\$	68.97
Loudoun Water	\$	64.28

¹Average monthly water and sewer rates in Virginia (Draper Aden Survey 2020)

- There are no proposed or adopted increases to User Charges or Availability Fees.
- A rate study is planned for fiscal year 2022 and will include an update to target balances (based on assets expiring and potentially new projects identified in the master plan) and revenue requirements (based on the cost to provide service). The results will be shared with the Board at a future Board workshop.
- EPA's affordability standard classifies SA rates as "Low Burden", which is the most affordable designation.

TABLE 3 - FY'22 PLAN OF FINANCE

	TOTAL EXISTING DEBT SERVICE			FY'22 DEBT SERVICE		
	Principal	Interest	Total Payment	Principal	Interest	Total Payment
Service Authority Bonds	\$ 49,640,000	\$ 10,741,195	\$ 60,381,195	\$ 3,330,000	\$ 1,561,684	\$ 4,891,684
Virginia Resources Authority (VRA)	47,404,853	5,436,189	52,841,042	6,692,750	1,192,165	7,884,915
UOSA	150,253,631	53,802,766	204,056,397	7,243,757	4,332,160	11,575,917
Total Existing Debt Service	247,298,484	69,980,150	317,278,634	17,266,507	7,086,009	24,352,516
New Debt Issuance	163,957,000	79,132,035	243,089,035	1,872,044	2,906,928	4,778,972
Total Debt Service	411,255,484	149,112,185	560,367,669	19,138,551	9,992,937	29,131,488

- Plan of Finance includes debt issuance of up to \$164.0 million (not issued in FY'21 to date) to fund capital projects (see list of currently authorized projects below). When issued, the debt will result in additional debt service (Principal and Interest) of \$4.8 million in FY'22, depending on the timing and method of financing. Staff will return to the Board of Directors for approval of the actual financing amount in FY'22.

List of Bonded Projects (\$164.0 Million)

- Water Supply Project (WSUP-105) Montclair/Four Seasons Water System Improvements - \$14,819,000
- Water Transmission Project (WAT-181) Rt. 1 Trans. Main - Garfield BPS to Rt. 234 - \$13,628,000
- Water Transmission Project (WAT-182) Rt. 1 Trans. Main - Rt. 234 to Fuller Heights Road - \$13,736,000
- Water Reclamation Facility Project (WRF-138) Facility Wide Improvements - Design-Build Project - \$85,443,000 of \$121,453,000 estimated project costs.
- Information Technology Project (IT-126) SCADA System Upgrade - \$21,501,000
- Regional Utility Project (REG-1) Occoquan River Crossing - \$14,873,000 of estimated \$16,119,000 project cost.

TABLE 5 - OPERATING & REPLACEMENT FUND REVENUE

Description	FY'21 Budget	FY'22 Request	Difference	Percent Change
<u>Operating Revenues</u>				
Sale of Service	\$ 89,936,000	\$ 90,785,000	\$ 849,000	0.9%
Peak Use & High Demand Charge:	4,210,000	4,685,000	475,000	11.3%
Service Charge	24,764,000	25,985,000	1,221,000	4.9%
Other Operating Revenue	2,545,000	1,045,000	(1,500,000)	-58.9%
Total Operating Revenue	\$ 121,455,000	\$ 122,500,000	\$ 1,045,000	0.9%
<u>Non-Operating Revenues</u>				
Interest Income	\$ 1,481,000	\$ 1,853,000	\$ 372,000	25.1%
Property Rental	714,500	903,000	188,500	26.4%
Total Non-Operating	\$ 2,195,500	\$ 2,756,000	\$ 560,500	25.5%
Total Revenue	\$ 123,650,500	\$ 125,256,000	\$ 1,605,500	1.3%

TABLE 6 - OPERATING & REPLACEMENT FUND EXPENSES

Description	FY'21 Budget	FY'22 Request	Difference	Percent Change
<u>Expenses</u>				
Salaries & Wages	\$ 26,582,700	\$ 27,396,700	\$ 814,000	3.1%
Fringe Benefits	9,542,900	9,724,400	181,500	1.9%
Purchased Water	15,327,258	14,453,635	(873,623)	-5.7%
Purchased Sewer	14,204,533	14,734,111	529,578	3.7%
Purchased Trash	300,000	350,000	50,000	16.7%
Utilities	4,287,000	4,845,000	558,000	13.0%
Insurance	512,300	527,000	14,700	2.9%
Contractual Services	6,073,000	6,592,400	519,400	8.6%
Repairs & Maintenance	4,198,100	4,471,600	273,500	6.5%
Material & Supplies	6,279,326	6,626,500	347,174	5.5%
Rent, Training, Travel, Other	1,287,250	1,376,950	89,700	7.0%
Contingency	275,000	275,000	-	0.0%
Other Non-Operating	135,000	160,000	25,000	18.5%
Total Expenses	\$ 89,004,367	\$ 91,533,296	\$ 2,528,929	2.8%

TABLE 7 - EXPANSION & COMMITMENT FUND BUDGET

Description	FY'21 Budget	FY'22 Request	Difference	Percent Change
<u>Operating Revenues</u>				
Avail. Fees & Developer Charges	22,442,039	30,090,300	7,648,261	34.1%
Total Operating Revenue	\$ 22,442,039	\$ 30,090,300	\$ 7,648,261	34.1%
<u>Non-Operating Revenues</u>				
Interest Income	1,195,000	1,256,000	61,000	5.1%
Total Non-Operating	\$ 1,195,000	\$ 1,256,000	\$ 61,000	5.1%
Total Revenue	\$ 23,637,039	\$ 31,346,300	\$ 7,709,261	32.6%
<u>Expenses</u>				
Salaries & Wages	\$ 2,642,300	\$ 2,771,300	\$ 129,000	4.9%
Fringe Benefits	812,200	830,400	18,200	2.2%
Purchased Water	625,000	669,000	44,000	7.0%
Contractual Services	1,347,000	1,367,000	20,000	1.5%
Repairs & Maintenance	45,000	48,500	3,500	7.8%
Material & Supplies	57,000	102,500	45,500	79.8%
Rent, Training, Travel, Other	2,050	2,050	-	0.0%
Contingency	25,000	25,000	-	0.0%
Total Expenses	\$ 5,555,550	\$ 5,815,750	\$ 260,200	4.7%

Capital Budget

SECTION II

TABLE 4 - CAPITAL IMPROVEMENT PROGRAM

ALL PROJECTS	FY'22	FY'23	FY'24	FY'25	FY'26
Water Supply Projects (WSUP)	\$ 8,250,000	\$ 16,960,000	\$ 13,542,000	\$ 3,003,000	\$ 1,875,000
Water Storage Projects (WST)	1,650,000	2,050,000	1,950,000	7,188,000	7,088,000
Water Transmission Projects (WAT)	14,775,000	17,613,000	8,053,000	9,527,000	5,950,000
Sewage Pumping Station Projects (SPS)	8,780,000	24,039,000	33,591,000	14,284,000	4,900,000
Sewer Collection Projects (SEW)	5,967,000	5,269,000	1,750,000	1,500,000	1,500,000
Water Reclamation Facility Projects (WRF)	10,884,000	27,975,000	39,575,000	38,025,000	27,025,000
Miscellaneous Projects (MISC)	7,983,000	8,530,000	14,871,000	16,061,000	7,197,000
Information Technology Projects (IT)	10,097,000	7,913,000	7,162,000	4,869,000	5,185,000
Regional Utility Projects (REG)	7,000,000	7,500,000	1,619,000	-	-
Total CIP Budget	\$ 75,386,000	\$117,849,000	\$122,113,000	\$ 94,457,000	\$ 60,720,000
Total Cash Projects included above	\$ 41,551,000	\$ 63,122,000	\$ 77,637,000	\$ 57,880,000	\$ 34,285,000
Total Bonded Projects included above	\$ 33,835,000	\$ 54,727,000	\$ 44,476,000	\$ 36,577,000	\$ 26,435,000

- \$75.4 million in capital projects are identified to move forward in FY'22. The table above summarizes the capital projects by type of facility. The individual project names, CIP project numbers and budgets are itemized in Table 4A (see pages 17 and 18).
- Debt funded capital spending in the FY'22 Budget totals \$33,835,000. In FY'20, the Board of Directors approved the list of projects on page 11 to be reimbursed from proceeds of up to \$164.0 million in debt.
- The FY'22 Budget also includes \$41,551,000 in projects funded from cash. The timing of projects is dependent on many factors to include easement acquisition, weather, and coordination with other project schedules or jurisdictions, which can result in project delays.
- The Board of Directors must approve construction and engineering contracts over \$200,000 per the Service Authority Purchasing Regulations. The General Manager may approve all other capital expenditures. The General Manager may defer or advance the timing and spending of projects, while adhering to annual board authorizations.

Capital Improvement Program

FY'22 Operating & Capital
Budget and Business Goals

TABLE 4A - FY'22 CAPITAL IMPROVEMENT PROGRAM (SCHEDULE A)

CIP#	PROJECT NAME	PROJECT BUDGET	FY'22 SPENDING
WSUP-103	Water Meter Vault Improvements	525,000	125,000
WSUP-105	Montclair/Four Seasons Water System Improvements (Debt Funded)	14,819,000	4,150,000
WSUP-111	Bull Run Mountain Well Upgrades	4,744,000	390,000
WSUP-112	Manassas Southside Booster Pumping Station Upgrades	1,700,000	750,000
WSUP-114	Capital Meter Program	8,875,000	1,775,000
WSUP-116	F14 Booster Pumping Station and Discharge Main Improvements	14,123,000	835,000
WSUP-117	Eastern Area Pressure Control Vaults	1,029,000	225,000
WST-110	Water Storage Tank Rehabilitation Program	8,684,000	1,200,000
WST-111	Tank Re-Chlorination Program	3,080,000	450,000
WAT-104	Potomac Shores Parkway Transmission Main	2,731,000	150,000
WAT-115	Dawkins Branch Transmission Main	9,335,000	1,250,000
WAT-116	Montclair Pressure Zone Improvements - Route 234	1,850,000	275,000
WAT-129	Route 1 Water Main Reinforcement, North	6,931,000	150,000
WAT-137	Possum Point Road Water Main Replacement - Phase 1	2,205,000	300,000
WAT-143	Sudley Road Water Main Improvements - Phase 2	6,733,000	150,000
WAT-181	Route 1 Transmission Main - Phase 1 (Debt Funded)	13,628,000	5,500,000
WAT-182	Route 1 Transmission Main - Phase 2 (Debt Funded)	13,736,000	5,500,000
WAT-200	Water Distribution Asset Replacement Program	7,500,000	1,500,000
SPS-100	Generator Replacement Program	3,483,000	475,000
SPS-107	Replace Occoquan Forest Sewage Pumping Stations, OQL36 & OQL37	7,458,000	2,000,000
SPS-108	Replace Nokesville Sewage Pumping Station, L20	2,742,000	500,000
SPS-112	Replace Graham Park Sewage Pumping Station, L13	3,864,000	750,000
SPS-113	Heritage Hunt Sewage Pumping Station, L52 Replacement and FM Ext.	38,038,000	2,200,000
SPS-115	Belmont Sewage Pumping Station, L17 Replacement and FM Ext.	13,768,000	560,000
SPS-118	Koon's Sewage Pumping Station, L28 Replacement	3,727,000	375,000
SPS-123	Spinnaker Court Sewage Pumping Station, L02 and FM Replacement	3,392,000	350,000
SPS-125	Occoquan Creek Sewage Pumping Station, L04 Rehabilitation	11,937,000	700,000
SPS-126	Piney Branch Sewage Pumping Station, L26 Demolition and Gravity Sewer Ext.	3,660,000	870,000

Capital Improvement Program

FY'22 Operating & Capital
Budget and Business Goals

TABLE 4A - FY'22 CAPITAL IMPROVEMENT PROGRAM (SCHEDULE A) - CONTD'

CIP#	PROJECT NAME	FY'22	
		PROJECT BUDGET	SPENDING
SEW-106	Dumfries FM and Water Main Replacement	4,404,000	750,000
SEW-157	Sudley Road Sewer Main Replacement and Upgrade	5,677,000	3,823,000
SEW-158	I-66 Rest Area Sewer Main Replacement	774,000	294,000
SEW-200	Sewer Collection Rehabilitation & Replacement Program	7,100,000	1,100,000
WRF-123	Ongoing Renewal and Replacement	12,971,000	1,600,000
WRF-126	Dynamic Hydraulic Model and Instrumentation	1,551,000	100,000
WRF-131	FBI and Solids Building Repairs and Modifications	5,652,000	984,000
WRF-134	Bioreactor Basin Improvements	4,302,000	300,000
WRF-138	Facility Wide Improvements - Design-Build Project (Debt Funded)	121,453,000	7,000,000
WRF-142	Replace/Upgrade Freight Elevators	1,330,000	900,000
MISC-100	Water and Sewer Master Plan Utility Adjustments (MPUA)	10,000,000	2,000,000
MISC-101	PWCSA Water & Sewer Facility Security Enhancements	2,100,000	100,000
MISC-103	PWCSA Facility Renewals and Upgrades	3,148,000	200,000
MISC-113	Occoquan Forest WWTP Closure & Site Restoration	1,616,000	213,000
MISC-114	System Wide Master Plan	600,000	300,000
MISC-115	County Wide Emergency Capital Work	5,650,000	450,000
MISC-117	Studies and PER's - Organization Wide	2,220,000	620,000
MISC-200	Vehicle Replacement Program	5,058,000	1,100,000
MISC-201	Mechanical Equipment Replacement Program	6,016,000	2,200,000
MISC-202	Computer and Other Replacement Program	3,210,000	800,000
IT-105	JD Edwards Upgrade	948,000	375,000
IT-106	Cayenta - CIS	865,000	330,000
IT-107	Computerized Maintenance Management System (CMMS) Implementation	11,287,000	1,917,000
IT-110	Document Management System Implementation	1,083,000	525,000
IT-117	Vertical Asset Data Development	800,000	175,000
IT-118	System Integration	1,090,000	585,000
IT-121	Asset Management Analytics	405,000	75,000
IT-122	Project Management Information System (PMIS) Implementation	2,490,000	1,030,000
IT-125	IT Cybersecurity Program	1,150,000	250,000
IT-126	SCADA System Upgrade (Debt Funded)	21,501,000	4,685,000
IT-127	Web Content Management System Migration	355,000	150,000
REG-1	Occoquan River Crossing (Debt Funded)	16,119,000	7,000,000
Total CIP Budget			75,386,000

Business Goals

SECTION III

This report provides Service Authority business goals that are major projects, goals and key performance indicators that have a significant impact on our Mission, customers, the community or the workforce. Each year, business goals are categorized at the department, division and organization levels. Business goals are aligned with the Service Authority's budget, five-year Strategic Plan and 10-year Board of Directors' Vision. This integration ensures that each department's day-to-day operations fulfill current and near-term business need while strategically supporting the medium-term and long-term outcomes the Service Authority strives to achieve. Our annual business goals serve as a road map for the fiscal year to guide and direct operations of the Service Authority. At the end of each fiscal year, an Accomplishments Report provides the status of business goals as well as other accomplishments.

MISSION

The Prince William County Service Authority is dedicated to excellence in providing safe, reliable water service to our customers and returning clean water to the environment.

BOARD OF DIRECTORS' VISION 2016-2025

In 2025, the Prince William County Service Authority is the regional leader in supplying clean water and superior service to a large and ever-growing metropolitan population. We are a nationally recognized model for excellence, sustainability, industry best practices and environmental stewardship. Consistently high levels of quality, reliability and customer satisfaction – in addition to fiscally and environmentally sound practices, engineering and the effective use of state-of-the-art technology – have earned us this leadership role in the community and across the utility industry.

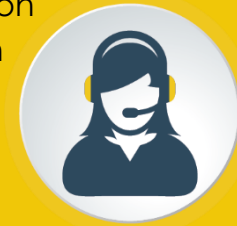
AREAS OF EXCELLENCE (AOE)

In 2016, the Board of Directors identified six key Areas of Excellence to achieve its Vision:

- Customer Satisfaction
- Workforce Excellence
- Agile, Optimized & Sustainable Operations
- Financial Viability
- Respected Community Partnerships
- Advanced & Accessible Technology

Customer Satisfaction

The Service Authority is a customer-focused organization. We achieve top customer satisfaction ratings by listening to our customers, anticipating their needs, communicating key information and continuously improving our service delivery.



Strategic Goals

- Continue to assist customers during the Coronavirus Disease 2019 (COVID-19) Pandemic.
- Maintain and enhance the SA's customer-focused culture through training and quality assurance programs.
- Communicate key information to customers using a variety of methods, such as direct education, social media and other electronic communication tools, to reach a diverse customer base.
- Continue to improve online features for customers.

Annual Goals	FY22 Benchmark
Annual Customer Survey Satisfaction Score (scale of 1-10)	8.5
Average Monthly Transactional Customer Survey Satisfaction Score (% average on 1-10 scale)	8.5
Average Monthly Transactional Developer Survey Satisfaction Score (% on 1-10 scale)	8.5
Average Monthly Water Main Breaks (# per 100 miles)	2.0
Average Customer Out-of-Service Time (# hours)	2.0
Average Abandoned Call Rate	3.0%
Average Call Wait Time	< 1 Minute
Printed and digital issues of <i>The Pipeline</i> external newsletter distributed to customers (# per year)	4
Printed and digital bill inserts distributed to customers (minimum # per year)	5

Project Goals

- Develop a policy to pay interest on tenant deposits and if minimum criteria for payment is met, begin payments in calendar year 2022.
- Promote Payment Plan Program with Delinquent Customers.
- Replace existing Customer Self Service site with a modern, intuitive, full-featured, convenient, and mobile-friendly web portal.

The Service Authority is a high performing organization that promotes continuous learning. We combine the best of public and private sector principles to ensure that our workforce has the necessary resources, education, coaching and career opportunities to deliver a dependable, cost-effective public service.



Strategic Goals

- Continue to build relationships with the community to increase the pool of qualified candidates and fill targeted vocational positions.
- Engage employees through effective communication and continue to foster a positive workplace.
- Maintain competitive compensation, including tangible and intangible employee benefits, to retain a high performing workforce.
- Manage safety program to reduce workplace hazards, protect lives, and promote employee health.
- Engage employees through meaningful training programs, including leadership development, cross training and vocational training, that tie to the SA's Mission, Vision and Values. Provide development opportunities and ongoing training to ensure staff are sufficiently equipped to adapt to changes in their fields of expertise and supporting technology. Provide training that promotes the SA's commitment to a high performing culture of excellence, diversity and safety as the SA grows and hires new staff.

Annual Goals	FY22 Benchmark
Emp. Engagement Satisfaction Score 1 – 5	4.0
Safety Experience Modifier (XMOD)	≤ 1.0
Training Hours per FTE	30.0
Safety Training Hours per Field FTE	12.0
Issues of Water Ways e-newsletter distributed to employees	6
Inside Out Committee employee ideas implemented	4

Project Goals

- Implement re-opening/re-occupation plan to include the safe return of employees to the workforce by adhering to OSHA requirements, State guidance, and Service Authority developed policies; assess office space requirements and adjust as needed; evaluate and develop new policies to expand telework and flex scheduling post pandemic.
- Implement strategy to ensure market competitive health plans with guidance from the Board of Directors/Compensation Committee.
- Ensure wellness program encourage employees to take preventive measures to improve/maintain their health and well-being.

Agile, Optimized & Sustainable Operations

FY'22 Operating & Capital Budget and Business Goals

The Service Authority is a reliable and resilient utility. Our business practices ensure the continuity of operations by maintaining our infrastructure and managing the resources required to meet current and future community needs for drinking water distribution and wastewater collection and treatment. We are committed to protecting the health of the community and the environment by meeting or exceeding all regulatory requirements.



Strategic Goals

- Maintain and improve where possible the SA's high attentiveness and performance related to all regulatory compliance obligations.
- Continue to implement and improve our Asset Management Program reporting functions and reliability-centered maintenance practices.
- Continue to enhance and improve preparedness and capabilities to support continuity of operations.
- Effectively maintain and expand the reliability of the SA's water and sewer systems.
- Develop a long-range Master Plan(s) addressing water supply and demand, water quality, wastewater treatment, legislative, regulatory and policy outlook.

Annual Goals	FY22 Benchmark
Notices of Violations or Consent Orders	0
Percentage of Distribution System Samples Meeting Chlorine Residual Requirements	≥ 95%
Average Operational Readiness Index	97%
Average Water System Reliability	99.999%
Average Water Loss	< 6%
Valves Exercised & Repaired	6,000
Average Inoperable Fire Hydrants	< 0.5%
Miles of Sewer Line Video Inspected	132.6
Miles of Sewer Mains Rehabilitated	4

Project Goals

- Update Pandemic Plans with lessons learned and opportunities for improvement as an annex into the updated COOP.
- Complete Master Plan; and
- Monitor and implement new regulations
- Effectively maintain the reliability of the SA's systems (see Capital Improvement Program table below).

Capital Improvement Program (CIP)		Project Phase		
Project Name	Project Code	Study	Design	Construction
Customer Service HVAC	MISC-103			C
System Wide Master Plan	MISC-114	O		
Studies and PER's - Organization Wide (SPS PER's for Area 6, Dawson's Landing, Hooes Run, Melrose, Oak Ridge, Yorkshire)	MISC-117	C		
IT Server UPS and Generator	MISC-202		C	C
Occoquan River Crossing	REG-1		O	I
Dumfries Force Main	SEW-106			O
Sudley Road Sewer	SEW-157			O
I-66 Rest Area Sewer Main Replacement	SEW-158		I	
Occoquan Forest SPS 36	SPS-107			O
Occoquan Forest SPS 37	SPS-107			O
Nokesville SPS	SPS-108			O
Graham Park SPS, L13	SPS-112			O
Heritage Hunt SPS & Force Main	SPS-113			I
Belmont SPS and FM, L17	SPS-115		O	
Koon's SPS, L28	SPS-118		O	
Spinnaker Court SPS, L02	SPS-123		O	
Occoquan Creek SPS, L04	SPS-125		O	
Potomac Shores Parkway	WAT-104		O	

Capital Improvement Program		Project Phase		
Project Name	Project Code	Study	Design	Construction
Dawkins Branch Transmission Main (PWC & PWCSA)	WAT-115			I
Montclair Pressure Zone - Route 234	WAT-116			C
Gainesville to Manassas South Connector	WAT-122			I
Sudley Road Water Main Replacement - Phase 2 (study only) - or MISC-117	WAT-143	I		
Route 1 - Phase 1	WAT-181			O
Route 1 - Phase 2	WAT-182			O
West Longview Dr. Water Main	WAT-200			C
Water Distribution Asset Replacement Program (Paxton St., King George St., Willow Ln.)	WAT-200		I	
Montclair and Four Seasons	WSUP-105			I
Manassas Southside BPS	WSUP-112			C
F14 BPS Upgrades and Discharge Main	WSUP-116		I	
Eastern Area Pressure Control Vaults	WSUP-117		I	I

I = Initiate Project Phase This Year (Study, Design, Construction)
 O = Project Phase Ongoing Since Last Year (Study, Design, Construction)
 C = Complete Project Phase (Study, Design, Construction)

The Service Authority is a financially viable public utility, which is process and results driven. Our strategic planning and fiscal policies ensure fair and equitable rates and fees that enable us to maintain and build infrastructure, comply with environmental regulations and deliver quality service to our customers.



Strategic Goals

- Continue to safeguard the SA's assets through sound financial practices, compliance programs and internal control reviews.
- Improve efficiencies and controls through continuous process improvements. Continue to assess workflow processes, Standard Operating Procedures and policies to identify and address areas of improvement. Continue to optimize project delivery through formalized program and project management frameworks, processes and standards.

Annual Goals	FY22 Benchmark
Complete the annual audit and the Comprehensive Financial Report	Unqualified "Clean" Opinion
AWWA quality benchmark program (Effective Utility Management Program)	High Performance Rating
Operate within the approved budget and seek cost savings	
AAA bond rating by Standard and Poor's and Moody's	AAA
Debt-to-Asset Ratio	0.4
Overtime Rate (overtime hours/hours worked)	4%
Meet all rate covenants required by Trust Indenture	Full Compliance
Service Affordability: Average Annual Water and Sewer Bill as a % of income below the EPA standard for poverty prevalence	Low Burden Rating
Construction Change Orders in Dollars	5%

Project Goals

- Finance up to \$164.0 million in critical infrastructure projects.
- Conduct a rate study to ensure user rates and fees reflect operating and replacement requirements for calendar years 2023, 2024 and 2025.
- Continue to promote electronic billing (e-Bill) program enrollment through Customer Service Representative interactions with customers and online bill payment vendor-sponsored sweepstakes.
- Continue to implement the SA's construction management processes (project execution through closeout) using PMWeb program and project management software.
- Design and deploy department level dashboards capturing performance metrics of key work processes.
- Continue to configure SharePoint to automate workflows and enhance work collaboration and document management practices.

Respected Community Partnerships

The Service Authority is a valued community and regional partner. Frequent, proactive engagement with other utilities, industry organizations, government and educational institutions and community groups has led to consistently high levels of stakeholder support for our mission.



Strategic Goals

- Communicate who we are, what we do and the value of our services to stakeholders. Increase community awareness and understanding of the SA's mission and values (Public Health and Environmental Stewardship) and supporting role in the County's Comprehensive Plan.
- Be a model for excellence, sustainability, industry best practices and environmental stewardship.
- Enhance partnerships with local schools to educate young people about the value the SA provides to the community.
- Foster positive relationships with communities affected by SA projects. Engage communities through early communication, feedback opportunities and marketing of the outcome of previous projects. Minimize community impacts and inconvenience through acquisition planning that articulates contractor performance requirements and balances the customer/community interests with timely and cost-effective project delivery.

Annual Goals

Hold public Information Meetings held for construction projects having a significant impact on the community

Write and place 24 articles in external publications

Provide guided tours of the H.L. Mooney AWRF to members of the public, as permitted under pandemic/state guidelines

Participate in regional and national industry committees, working groups or awards programs, as permitted under pandemic/state guidelines

Present at regional and national water and wastewater industry conferences, as permitted under pandemic/state guidelines

Present to 400 community groups and classrooms

Provide 50 presentations to PWCS Title I schools

Plan and hold 2022 events, including Water Art Invitational, Science Fair Awards and Water Academy, as permitted under pandemic/state guidelines

Project Goals

- Begin implementing the Diversity & Inclusion (D&I) Roadmap to foster a more diverse and inclusive workplace. Initiatives include continued D&I training for the workforce, deployment of a mentorship program for underserved youth, expand recruitment efforts, review of existing policies and procedures, and other action items.
- Assess curriculum for each grade level, kindergarten through grade 12, to ensure the content is aligned with newly revised Virginia Standards of Learning. Revise and redeploy curriculum as needed.

The Service Authority leverages technology to ensure we are an agile, data-driven and cost-effective enterprise. We foster innovation and maintain flexibility as our technology environment continually evolves.

Strategic Goals

- Continue to develop, deploy and integrate Data Governance and Business Analytics programs to support data-driven decisions, efficient business processes and the capture of institutional knowledge within Information Technology (IT) systems.
- Continue to assess cybersecurity and vulnerabilities against data access requirements and develop mitigation plans aligned with the business needs of the SA.
- Provide quality support for all software programs and take advantage of automation and paperless workflow opportunities when it adds value.
- Effectively plan and address the SA's technology and integration needs.
- Ensure technology is accessible to support employees and customers.

Annual Goals	FY22 Benchmark
Cybersecurity Intrusions	0
Average Network Availability	99.5%
Average Software Application Availability	99.5%
Average Telecommunications Availability	99.5%
Average SCADA Availability	98%
Cybersecurity Training Hours	1.0

Project Goals

- Implement 24/7, real-time cybersecurity monitoring.
- Perform technical audit; develop and exercise cybersecurity incident response plan.
- Expand Enterprise Data Warehouse solution (central repository of critical data for reporting) and deploy cloud-based Microsoft Office 365 to improve reliability, security and accessibility, and to support analytics and workflow capabilities.
- Continue configuration of Cityworks work order management system for Water & Wastewater Facilities Department.
- Continue to expand Contaminate Warning System data management and reporting capabilities at the H.L. Mooney AWRF.
- Complete SCADA software upgrade and new panel installations at first 12 SA facilities; initiate SCADA installation and software upgrade at remaining 18 facilities.

AOE	Areas of Excellence
AWRF	Advanced Water Reclamation Facility
AWWA	American Water Works Association
BPS	Booster Pumping Station
CIP	Capital Improvements Program: A detailed schedule of capital projects to be undertaken by the Authority or contributed by developers
CIS	Computer Information System
CMMS	Computerized Maintenance Management System
COVID-19	Coronavirus Disease 2019
D&I	Diversity & Inclusion
DM	Data Management
e-Bill	Electronic Billing
EPA	Environmental Protection Agency
ERU's	Equivalent Residential Units: A unit of capacity equal to the peak volume required to serve a typical single-family residential customer
ESWR	Environmental Services & Water Reclamation
FTE	Full-Time Equivalent
FY	Fiscal Year
IT	Information Technology

MGMT	Management
MISC	Miscellaneous
MPUA	Master Plan Utility Adjustments
O&M	Operations & Maintenance
OSHA	Occupational Safety and Health Administration
PCB	Printed Circuit Board
PM	Project Management
PMIS	Project Management Information System
PWC	Prince William County
PWCS	Prince William County Schools
PWCSA	Prince William County Service Authority
REG	Regional Utility
R&M	Repair and Maintenance
SA	Service Authority
SCADA	Supervisory Control and Data Acquisition system: A computerized system for remote monitoring and control of facilities
SEW	Sewer Collection
SPS	Sewage Pumping Station

UOSA	Upper Occoquan Service Authority: A regional AWRP owned by the SA, Fairfax County, Manassas and Manassas Park
VRA	Virginia Resources Authority
VRS	Virginia Retirement System
WAT	Water Transmission
WST	Water Storage
WSUP	Water Supply
WRF	Water Reclamation Facility
XMOD	Experience Modification Rating