

OPERATING & CAPITAL BUDGET

FISCAL YEAR 2023

CAPITAL
BUDGET



OPERATING
BUDGET



GOALS



Service Authority
Prince William County

OPERATING & CAPITAL BUDGET

Fiscal Year 2023

ADOPTED: MAY 12, 2022

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Operating Budget

SECTION I

The FY'23 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

Highlights include:

- FY'23 uses of fund (expenditures) exceed sources of funds (revenue) primarily due to higher costs resulting from inflation, personnel, purchased resources, and ongoing capital replacement expenditures. The shortfall will reduce cash reserves in FY'23; however, consistent with the Service Authority's long-term financial planning policies, the upcoming rate study will recommend User Charges and Developer Charges (see page 9) for the next three years.
- Total revenue is projected to increase 0.3% from \$156.6 million to \$157.1 million. Revenue from User Charges is up based on FY'22 consumption trends, 1.0% account growth, and a full year of collection charges. Revenue from Developer Charges is down based on a lower Equivalent Residential Unit (ERU) projection of 1,500. No user rate or availability fee increases are included in the budget (see page 5).
- Total expenses are projected to be \$107.0 million which represents a \$9.7 million or 9.9% increase from the prior year budget. The budget reflects increases to all expense categories primarily due to rising inflation, increase in wholesale rates, and recruiting and retention initiatives (see page 5).
- The Capital Improvement Program (CIP) is budgeted at a maximum threshold of \$76.9 million, which consists of \$6.9 million in debt funded projects and \$70.0 million in cash funded projects. Staff will continue to pursue grant opportunities for infrastructure projects (see page 17).
- Adopted annual performance and project goals are aligned with the Board's Vision, the Service Authority's Strategic Plan and the FY'23 Adopted Budget (see page 21).

Budget Overview – All Funds

FY'23 Adopted Operating & Capital Budget and Business Goals

TABLE 1 - BUDGET OVERVIEW - ALL FUNDS

Description	FY'22 Budget	FY'23 Request	Difference	Percent Change	Notes 01
<u>Revenue</u>					
R1 User Charges	\$ 122,500,000	\$ 128,239,700	\$ 5,739,700	4.7%	- 1.0% account growth, FY'22 actual usage/acct, full year disconnects/late fees
R2 Developer Charges	30,090,300	24,517,000	(5,573,300)	-18.5%	- Projected ERUs of 1,500 (1,850 in FY'22)
R3 Interest Income	3,109,000	3,457,000	348,000	11.2%	- Higher projected interest rate offsetting lower fund balance
R4 Lease Revenue	903,000	903,000	0	0.0%	- Reflects existing antenna leases
Total Revenue	\$ 156,602,300	\$ 157,116,700	\$ 514,400	0.3%	- See notes above for R1, R2, R3 & R4
<u>Expenses</u>					
E1 People & Talent	\$ 40,722,800	\$ 44,321,000	\$ 3,598,200	8.8%	- Includes a 5% merit pool, 3.1% health insurance increase and additional staff
E2 Purchased Resources	30,206,746	32,775,300	2,568,553	8.5%	- Increase in Water/sewer wholesale projected rates & usage
E3 Material & Supplies	6,729,000	6,999,250	270,250	4.0%	- Increase in chemical & fuel costs, offset by slight reduction in materials, parts, supplies
E4 Utilities	4,845,000	5,950,000	1,105,000	22.8%	- Increase in fuel surcharge (Electricity) and usage (SCADA Telecommunications)
E5 Contractual Services and Other	14,545,500	16,668,750	2,123,250	14.6%	- Increase of IT programs, preventative maintenance, cybersecurity and training
E6 Contingency	300,000	300,000	-	0.0%	- Remains flat to FY'22
Total Expenses	\$ 97,349,046	\$ 107,014,300	\$ 9,665,253	9.9%	- See notes above for E1, E2, E3, E4, E5 & E6
<u>Plan of Finance and Capital Budget</u>					
Debt Service (Principal & Interest)		\$ 23,397,377			- see page 11 for details
Capital Improvement Program (CIP)		76,895,000			- Includes Replacement & Expansion projects (Cash and Debt Funded)

REVENUES

R1	User Charges increased 4.7% primarily due to higher water and sewer consumption (identical to FY'22 actuals), 1.0% account growth, and resumption of disconnection fees and late charges. The last rate study for User charges will be updated to reflect new financial data and assumptions.
R2	Developer Charges are fees that authorizes a customer to establish service and cover the pro-rata share of capacity and infrastructure. Revenue from Developer Charges decreased \$5.6 million or 18.5% due to a projection of 1,500 Equivalent Residential Units (ERUs) reflecting slower development activity. A rate study for Developer charges will be conducted and completed in the Fall of 2022.
R3	Higher interest earnings from higher interest rates, which more than offset a lower fund balance.
R4	Antenna Lease revenue remains flat to prior year at \$903,000.

EXPENSES

E1	<p>People and Talent expenses are projected to increase \$3.6 million or 8.8% and reflects the following:</p> <ul style="list-style-type: none"> › An increase to salaries and wages of \$3.2 million or 10.5% based on: <ul style="list-style-type: none"> ▪ Projecting an average of 360 FTEs including current budgeted staffing, an additional 8 FTE's to address workload, and a vacancy rate of 6.5%. ▪ A performance pay pool of up to \$1,329,300 (\$1,217,500 Operating Budget impact; \$111,800 Capital Budget impact) is requested to recognize performance and retain staff. The pool provides base merit increases and one-time payments based on employee performance. › An increase to Fringe Benefits of \$422,800 or 4.0% which reflects: <ul style="list-style-type: none"> ▪ An increase of \$350,700 in payroll taxes and workers compensation costs, which are based on employee wages. ▪ An increase of \$72,100 to health insurance which reflects current plan enrollments and a 3.1% increase in the employer portion of premiums.
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Budget Details & Assumptions

FY'23 Adopted Operating & Capital
Budget and Business Goals

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 for customers in Yorkshire. Total Purchased Resources are up \$2.6 million or 8.5% from FY'22, primarily due to higher water consumption and higher operating costs and wholesale rates from wholesale providers.</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 \$270,250 or 4.0% is due to higher chemical costs (Ferric Chloride/Pebble Lime) and fuel surcharges, offset by a slight reduction in parts and supplies. Current inflation trends and on-going global turmoil are contributing factors toward the steep increase in fuel surcharges.</p>
E4	<p>Utility costs are projected to increase \$1.1 million or 22.8% due to higher electricity rates and upgraded telecommunications.</p>
E5	<p>Contractual Services consist of recurring and on-demand contracts such as security, sewer condition assessments, janitorial services, invoice printing & mailing, cybersecurity monitoring services, hardware/software development, rent and maintenance/support contracts. The Contractual Services budget increased \$2.1 million or 14.6% due to:</p> <ul style="list-style-type: none"> ▪ Expanded cybersecurity program support and initiatives \$485,000 ▪ Preventative maintenance (Water & Sewer condition assessments, valve exercising, corrosion, inspections) \$974,900 ▪ IT program support and annual subscriptions from recent capital investments \$208,000 ▪ Expanded recruiting initiatives, compensation study and other \$125,000 ▪ Regulatory cycles/permit support \$127,000 ▪ Expanded Diversity and Inclusion initiatives \$100,000 ▪ Other (Rent, Insurance, etc.) \$103,250
E6	<p>Contingency amount remained flat to FY'22.</p>

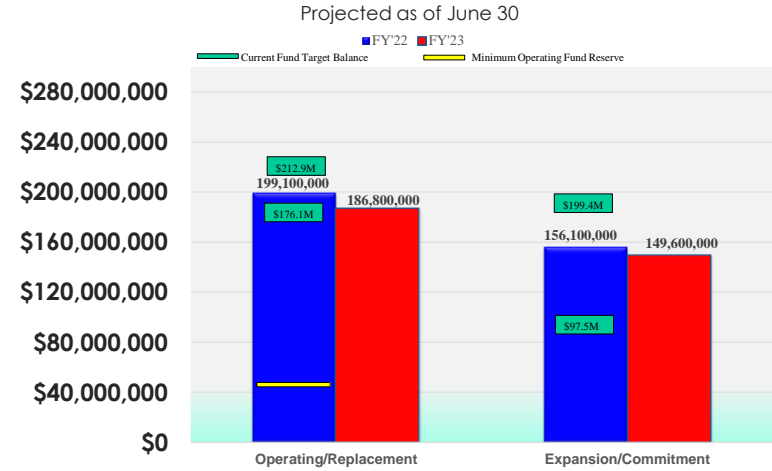
- 01 The Service Authority takes a long-term multi-year approach to capital and financial planning. The annual budget is prepared based on projections and assumptions for the upcoming year and accounts for the anticipated resources necessary to pursue the Board of Directors' Vision and accomplish the Service Authority's mission. The Service Authority's revenues and expenditures are sensitive to weather-related and economic factors, as well as changing regulatory requirements, which will influence actual results each year. The budget is appropriated in a lump sum operating, debt service, and capital spending limit, annually by the Board of Directors. The General Manager manages capital and operational spending within that appropriation. The Service Authority's Procurement and Contract Management Regulations provide the policies and procedures for all procurement and contracting actions, to include approval by the Board of Directors at certain thresholds. Funds are encumbered and approved through the purchase order process. The accrual basis of accounting and capitalization rules govern the actual classification and period of reporting, which may differ from budget.

Sources & Uses (in Millions)

Operating and Replacement		Expansion and Commitment	
Serving Existing Customers		Serving New Customers	
Sources of Funds		Sources of Funds	
User Charges	\$128.2	Developer Charges	\$24.5
Other Operating Revenue	0.9	Other Operating Revenue	0.0
Interest Income	2.1	Interest Income	1.4
Projected Source of Funds	\$131.2	Projected Source of Funds	\$25.9
Uses of Funds		Uses of Funds	
People & Talent	\$40.7	People & Talent	\$3.6
Purchased Resources	32.1	Purchased Resources	0.7
Contractual	13.2	Contractual	1.3
Utilities, Materials, Other	15.3	Utilities, Materials, Other	0.1
Debt Service	7.4	Debt Service	16.0
Replacement Capital ¹	34.8	Expansion Capital ¹	10.7
Projected Use of Funds	\$143.5	Projected Use of Funds	\$32.4
Net Change	-12.3	Net Change	-6.5

¹ For cash flow projection purposes, the Service Authority projects capital spending of \$45.5M for cash funded projects. Spending on debt funded capital is not included above.

PWCSA FUND BALANCE



Fund Balance Minimum or Target Ranges

- **Operating:** Minimum of 6 months of the annual budget.
 - **Replacement:** Replacement cost of assets exceeding their useful life + 1 (min) to 3 (max) years of assets expiring over the next 10 years.
 - **Expansion/Commitment:** Minimum of 2 years CIP + 5 years Debt Service. Maximum of 5 years CIP + 105% of Outstanding Debt on sold capacity.
- Sources and Uses are presented on an accrual-basis, reflecting when revenues are earned, and expenditures are realized. The Fund Balances and the annual transfer from the operating fund is cash-basis, reflecting when cash is received and disbursed.

- The Service Authority manages its budget and accounting on a “four-fund” basis to separately track revenues and expenses for operations (serving existing customers) and growth (serving new customers through development). The Service Authority’s budgeting and financial planning processes are intended to meet its operating and capital needs, while maintaining fund balances within target ranges.
- 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 - USER RATE COMPARISON

JURISDICTION	AVG. USE - 5 TGALS	
Fauquier	\$	139.15
City of Manassas Park	\$	96.00
Virginia Average ¹	\$	84.21
City of Manassas	\$	84.15
Stafford County	\$	81.24
Virginia American	\$	76.76
City of Falls Church	\$	72.95
Fairfax Water/County	\$	72.38
PWCSA	\$	69.45
Loudoun Water	\$	66.22

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

- There are no increases to User Charges and Availability Fees included in the adopted budget. However, a rate study for Developer charges will be conducted and the rate study for User charges will be updated to reflect new financial data and assumptions, which may suggest a rate increase.
- 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.
- EPA's affordability standard classifies SA rates as "Low Burden", which is the most affordable designation.

TABLE 3 - FY'23 PLAN OF FINANCE

	TOTAL EXISTING DEBT SERVICE			FY'23 DEBT SERVICE		
	Principal	Interest	Total	Principal	Interest	Total
			Payment			Payment
Service Authority Bonds	\$ 46,310,000	\$ 9,179,512	\$ 55,489,512	\$ 3,440,000	\$ 1,436,213	\$ 4,876,213
Virginia Resources Authority (VRA)	140,712,103	16,424,024	157,136,127	5,471,289	1,117,463	6,588,752
UOSA	141,729,897	50,750,590	192,480,487	8,786,239	3,146,173	11,932,412
Total Debt Service	328,752,000	76,354,126	405,106,126	17,697,528	5,699,849	23,397,377

- VRA consists of existing debt, refinanced at a lower interest rate, as well as, new debt issuance of \$100.0 million to fund the WRF-138 Facility Wide Improvements - Design-Build capital project.

TABLE 4 - OPERATING & REPLACEMENT FUND REVENUE

Description	FY'22 Budget	FY'23 Request	Difference	Percent Change
<u>Operating Revenues</u>				
Sale of Service	\$ 90,785,000	\$ 92,647,735	\$ 1,862,735	2.1%
Peak Use & High Demand Charges	4,685,000	5,231,000	546,000	11.7%
Service Charge	25,985,000	27,497,965	1,512,965	5.8%
Other Operating Revenue	1,045,000	2,863,000	1,818,000	174.0%
Total Operating Revenue	\$ 122,500,000	\$ 128,239,700	\$ 5,739,700	4.7%
<u>Non-Operating Revenues</u>				
Interest Income	\$ 1,853,000	\$ 2,057,000	\$ 204,000	11.0%
Property Rental	903,000	903,000	0	0.0%
Total Non-Operating	\$ 2,756,000	\$ 2,960,000	\$ 204,000	7.4%
Total Revenue	\$ 125,256,000	\$ 131,199,700	\$ 5,943,700	4.7%

TABLE 5 - OPERATING & REPLACEMENT FUND EXPENSES

Description	FY22 Budget	FY'23 Request	Difference	Percent Change
<u>Expenses</u>				
Salaries & Wages	\$ 27,396,700	\$ 30,569,600	\$ 3,172,900	11.6%
Fringe Benefits	9,724,400	10,174,600	450,200	4.6%
Purchased Water	14,453,635	16,564,939	2,111,304	14.6%
Purchased Sewer	14,734,111	15,176,361	442,249	3.0%
Purchased Trash	350,000	365,000	15,000	4.3%
Utilities	4,845,000	5,950,000	1,105,000	22.8%
Insurance	527,000	553,000	26,000	4.9%
Contractual Services	6,592,400	8,358,800	1,766,400	26.8%
Repairs & Maintenance	4,471,600	4,793,150	321,550	7.2%
Material & Supplies	6,626,500	6,896,250	269,750	4.1%
Rent, Training, Travel, Other	1,376,950	1,421,350	44,400	3.2%
Contingency	275,000	275,000	-	0.0%
Other Non-Operating	160,000	245,000	85,000	53.1%
Total Expenses	\$ 91,533,296	\$101,343,050	\$ 9,809,753	10.7%

TABLE 6 - EXPANSION & COMMITMENT FUND BUDGET

Description	FY22 Budget	FY'23 Request	Difference	Percent Change
<u>Operating Revenues</u>				
Avail. Fees & Developer Charges	30,090,300	24,517,000	(5,573,300)	-18.5%
Total Operating Revenue	\$ 30,090,300	\$ 24,517,000	\$ (5,573,300)	-18.5%
<u>Non-Operating Revenues</u>				
Interest Income	1,256,000	1,400,000	144,000	11.5%
Total Non-Operating	\$ 1,256,000	\$ 1,400,000	\$ 144,000	11.5%
Total Revenue	\$ 31,346,300	\$ 25,917,000	\$ (5,429,300)	-17.3%
<u>Expenses</u>				
Salaries & Wages	\$ 2,771,300	\$ 2,773,800	\$ 2,500	0.1%
Fringe Benefits	830,400	803,000	(27,400)	-3.3%
Purchased Water	669,000	669,000	-	0.0%
Contractual Services	1,367,000	1,272,000	(95,000)	-6.9%
Repairs & Maintenance	48,500	23,500	(25,000)	-51.5%
Material & Supplies	102,500	103,000	500	0.5%
Rent, Training, Travel, Other	2,050	1,950	(100)	-4.9%
Contingency	25,000	25,000	-	0.0%
Total Expenses	\$ 5,815,750	\$ 5,671,250	\$ (144,500)	-2.5%

OPERATING FUND TRANSFER ESTIMATES	
CASH PROJECTIONS	AMOUNT
Operating Fund as of June 30, 2022	\$ 73.7
Transfer on July 1, 2022	\$ 21.0
FY'23 Starting Fund Balance	\$ 94.7
FY'23 Oper. Revenue (Cash Basis)	\$ 141.4
FY'23 Oper. Expenditures (Cash Basis)	\$ (163.6)
FY'23 Ending Fund Balance	\$ 72.5
50% of Proj. FY'24 Oper. Budget*	\$ 55.2
Transfer on July 1, 2023	\$ 17.3

*Assumes a 6% increase

Capital Budget

SECTION II

TABLE 7 - CAPITAL IMPROVEMENT PROGRAM

ALL PROJECTS	FY'23	FY'24	FY'25	FY'26	FY'27
Water Supply Projects (WSUP)	\$ 7,685,000	\$ 12,051,000	\$ 10,601,000	\$ 7,933,000	\$ 1,975,000
Water Storage Projects (WST)	1,980,000	2,820,000	2,850,000	7,888,000	8,188,000
Water Transmission Projects (WAT)	13,810,000	8,450,000	7,037,000	10,650,000	12,483,000
Sewage Pumping Station Projects (SPS)	19,330,000	31,144,000	36,556,000	18,900,000	7,942,000
Sewer Collection Projects (SEW)	5,183,000	2,181,000	1,881,000	1,200,000	1,200,000
Water Reclamation Facility Projects (WRF)	7,832,000	41,236,000	36,993,000	18,412,000	22,040,000
Miscellaneous Projects (MISC)	9,902,000	13,042,000	15,249,000	14,056,000	9,514,000
Information Technology Projects (IT)	5,493,000	7,489,000	4,812,000	3,625,000	2,906,000
Regional Utility Projects (REG)	5,680,000	5,039,000	5,038,000	-	-
Total CIP Budget	\$ 76,895,000	\$ 123,452,000	\$ 121,017,000	\$ 82,664,000	\$ 66,248,000
Total Cash Projects included above	\$ 69,963,000	\$ 82,866,000	\$ 85,024,000	\$ 65,352,000	\$ 45,408,000
Total Bonded Projects included above	\$ 6,932,000	\$ 40,586,000	\$ 35,993,000	\$ 17,312,000	\$ 20,840,000

- \$76.9 million in capital projects are identified to move forward in FY'23. The table above summarizes the capital projects by type of assets. The individual project names, CIP project numbers and budgets are itemized in Table 7A (see pages 17 and 18).
- Debt funded (WRF-138) capital spending in the FY'23 Budget totals \$6,932,000.
- The FY'23 Budget also includes \$69,963,000 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 certain contracts per the Service Authority Procurement and Contract Management Regulations. The General Manager may approve all other capital expenditures and may defer or advance the timing and spending of projects, while adhering to annual board authorizations.

Capital Improvement Program

FY'23 Adopted Operating & Capital Budget and Business Goals

TABLE 7A - FY'23 CAPITAL IMPROVEMENT PROGRAM (SCHEDULE A)

CIP#	PROJECT NAME	PROJECT BUDGET	FY'23 SPENDING
WSUP-103	Water Meter Vault Improvements	585,000	160,000
WSUP-105	Montclair/Four Seasons Water System Improvements	15,826,000	4,400,000
WSUP-111	Bull Run Mountain Well Upgrades	2,604,000	440,000
WSUP-112	Manassas Southside Booster Pumping Station Upgrades	1,600,000	240,000
WSUP-114	Capital Meter Program	9,150,000	1,650,000
WSUP-116	Unity Reed (F14) Booster Pumping Station and Discharge Main	14,238,000	490,000
WSUP-117	Eastern Area Pressure Reducing Valves	1,241,000	305,000
WST-110	Water Storage Tank Rehabilitation Program	8,250,000	1,645,000
WST-111	Tank Re-Chlorination Program	6,200,000	335,000
WAT-115	Dawkins Branch Transmission Main	8,395,000	1,000,000
WAT-143	Sudley Road Water Main Improvements - Phase 2	6,901,000	90,000
WAT-181	Route 1 Transmission Main - Phase 1	13,204,000	4,260,000
WAT-182	Route 1 Transmission Main - Phase 2	13,458,000	4,760,000
WAT-200	Water Distribution Asset Replacement Program	35,500,000	3,500,000
WAT-201	Bull Run Mountain Distribution System Improvements	8,200,000	200,000
SPS-100	Generator Replacement Program	3,750,000	765,000
SPS-107	Replace Occoquan Forest Sewage Pumping Stations, OQL36 & OQL37	6,379,000	2,500,000
SPS-108	Replace Nokesville Sewage Pumping Station, L20	2,654,000	1,320,000
SPS-112	Replace Graham Park Sewage Pumping Station, L13	4,519,000	1,230,000
SPS-113	Heritage Hunt Sewage Pumping Station, L52 Replacement and FM	39,042,000	8,165,000
SPS-115	Belmont Sewage Pumping Station, L17 Replacement and FM	15,434,000	940,000
SPS-116	Hornbaker Sewage Pumping Station, L06 Rehabilitation and FM	6,484,000	375,000
SPS-118	Koon's Sewage Pumping Station, L28 Replacement	4,910,000	945,000
SPS-123	Spinnaker Court Sewage Pumping Station, L02 and FM	4,360,000	895,000
SPS-125	Occoquan Creek Sewage Pumping Station, L04 Rehabilitation	15,076,000	1,075,000
SPS-134	Hooes Run Sewage Pumping Station, L01 Rehabilitation	5,020,000	280,000
SPS-135	Yorkshire Sewage Pumping Station, L30 Rehabilitation	5,015,000	280,000
SPS-136	Melrose Sewage Pumping Station, L10 Replacement	8,505,000	280,000
SPS-137	Dawson Landing Sewage Pumping Station, L51 Replacement	3,010,000	280,000

Capital Improvement Program

FY'23 Adopted Operating & Capital Budget and Business Goals

TABLE 7A - FY'23 CAPITAL IMPROVEMENT PROGRAM (SCHEDULE A)

CIP#	PROJECT NAME	FY'23	
		PROJECT BUDGET	SPENDING
SEW-106	Dumfries Force Main and Water Main Replacement	4,693,000	2,793,000
SEW-157	Sudley Road Sewer Main Replacement and Upgrade	5,440,000	790,000
SEW-158	I-66 Rest Area Sewer Main Replacement	1,827,000	400,000
SEW-200	Sewer Collection Rehabilitation & Replacement Program	7,200,000	1,200,000
WRF-123	Ongoing Renewal and Replacement	6,242,000	300,000
WRF-131	FBI and Solids Building Repairs and Modifications	6,500,000	300,000
WRF-134	Bioreactor Basin Improvements	3,448,000	300,000
WRF-138	Facility Wide Improvements - Design-Build Project *	149,846,000	6,932,000
MISC-100	Water and Sewer Utility System Improvement Opportunity (USIO)	8,000,000	1,600,000
MISC-101	PWCSA Water & Sewer Facility Security Enhancements	1,500,000	300,000
MISC-102	Wellington Road Operations Center Expansion	10,588,000	500,000
MISC-103	PWCSA Facility Renewals and Upgrades	3,660,000	400,000
MISC-112	Administrative Office Space Expansion	1,401,000	150,000
MISC-114	System Wide Master Plan	700,000	100,000
MISC-116	English Gardens Property Building & Site Improvements	20,000,000	135,000
MISC-117	Studies and PER's - Organization Wide	6,200,000	1,500,000
MISC-200	Vehicle Replacement Program	4,363,000	1,650,000
MISC-201	Mechanical Equipment Replacement Program	8,548,000	2,350,000
MISC-202	Computer and Other Replacement Program	4,217,000	1,217,000
IT-105	JD Edwards Upgrade	829,000	155,000
IT-106	Cayenta - CIS	865,000	255,000
IT-107	Computerized Maintenance Management System (CMMS) Impl.	4,176,000	735,000
IT-110	Document Management System Implementation	565,000	145,000
IT-117	Vertical Asset Data Development	345,000	42,000
IT-118	System Integration	780,000	285,000
IT-121	Asset Management Analytics	750,000	63,000
IT-122	Project Management Information System (PMIS) Implementation	1,722,000	775,000
IT-126	SCADA System Upgrade	22,338,000	2,683,000
IT-128	Web Content Management System Migration	710,000	355,000
REG-1	Occoquan River Crossing	18,272,000	5,680,000
Total CIP Budget			76,895,000

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.

Key Metrics	FY23 Benchmark	FY23 Goal
Annual Customer Survey Satisfaction Score (scale of 1-10)	8.5	9.0
Average Monthly Transactional Customer Survey Satisfaction Score (% average on 1-10 scale)	8.5	9.0
Average Monthly Transactional Developer Survey Satisfaction Score (% on 1-10 scale)	8.5	9.0
Average Monthly Water Main Breaks (# per 100 miles)	2.0	1.7
Average Customer Out-of-Service Time (# hours)	2.0	1.8
Average Abandoned Call Rate	3.0%	3.0%
Average Call Wait Time	< 1 Minute	< 1 Minute
Printed and digital issues of <i>The Pipeline</i> external newsletter distributed to customers (# per year)	4	4
Printed and digital bill inserts distributed to customers (minimum # per year)	5	5

Project Goals

- Upgrade Customer Self Service site with a modern, intuitive, full-featured, convenient, and mobile-friendly web portal.
- Redesign www.pwcsa.org and www.h20lab.org, deploying new features to increase accessibility to information and services for all customers.
- Develop a simple chat bot for the public website that answers basic inquiries and questions from customers.
- Monitor the initiation of LIHWAP Program by the State to help customers obtain payment assistance.
- Design and deploy the 2023 Water Quality Reports for the SA's five water systems.

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

- Reflect the community we serve through expanded recruitment and retention practices.
- 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, diverse and inclusive 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

Key Metrics	FY23 Benchmark	FY23 Goal
Emp. Engagement Satisfaction Score 1 – 5	4.3	4.3
Safety Experience Modifier (XMOD)	≤ 1.0	≤ 1.0
Training Hours per FTE	30.0	30.0
Safety Training Hours per Field FTE	12.0	12.0
Issues of Water Ways e-newsletter distributed to employees	6	6
Inside Out Committee employee ideas implemented	4	4

Project Goals

- Continue implementing the Diversity & Inclusion (D&I) Roadmap, to include:
 - Conduct a Diversity and Inclusion Survey.
 - Develop action-oriented strategies that build upon D&I culture and increase engagement.
 - Provide meaningful employee development.
 - Expand recruitment strategies to attract a more diverse applicant pool
- Continue to implement re-opening hybrid plan to include a safe return to the workplace.
- Rebuild our workforce capability and capacity through innovative recruiting and retention strategies.
- Conduct a compensation study and Implement strategy to ensure market competitive pay.

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.

Key Metrics	FY23 Benchmark	FY23 Goal
Notices of Violations or Consent Orders	0	0
Percentage of Distribution System Samples Meeting Chlorine Residual Requirements	≥ 95%	≥ 95%
Average Operational Readiness Index	97%	98%
Average Water System Reliability	99.999%	99.9995%
Average Water Loss	< 6%	< 6%
Valves Exercised & Repaired	6,000	6,000*
Average Inoperable Fire Hydrants	< 0.5%	< 0.35%
Miles of Sewer Line Video Inspected	132.6	132.6*
Miles of Sewer Mains Rehabilitated	4	4*

*Develop a risk-based inspection and exercise plan that optimizes the effort.

Project Goals

- Effectively maintain the reliability of the SA's systems (see Capital Improvement Program table below).
- Continue the Facility Wide Improvements Project (Mooney DB).
- Conduct condition assessments of large diameter water transmission main, gravity sewer, and sewer force mains.

Capital Improvement Program (CIP)		Project Phase		
Project Name	Project Code	Study	Design	Construction
Occoquan River Crossing	REG-1			O
Dumfries Force Main Replacement	SEW-106			O
I-66 Rest Area Sewer Main Replacement	SEW-158		I	
Occoquan 36 SPS and Force Main, L36	SPS-107			O
Occoquan 37 SPS, L37	SPS-107			O
Nokesville SPS and Force Main, L20	SPS-108			O
Graham Park SPS and Force Main, L13	SPS-112			C
Heritage Hunt SPS and Force Main, L52	SPS-113			O
Belmont SPS and Force Main, L17	SPS-115		C	I
Koon's SPS, L28	SPS-118		C	I
Spinnaker Court SPS, L02	SPS-123		C	I
Occoquan Creek SPS, L04	SPS-125		O	
Sudley Road Water Main Improvements	WAT-143	C	I	
Route 1 - Phase 1	WAT-181			O
Route 1 - Phase 2	WAT-182			O
Water Distribution Asset Replacement Program 1 (Paxton St., Willow Ln., Horner Rd., Armstead St., and Botts Ave.)	WAT-200			I
Water Distribution Asset Replacement Program 2 (King George St., Norfolk St., Victoria St., Lomond South Dr., Salem St., and Chatham St.)	WAT-200		C	I
Montclair/Four Seasons Water Booster Station and Discharge Main	WSUP-105			O

Capital Improvement Program		Project Phase		
Project Name	Project Code	Study	Design	Construction
Unity Reed (F14) Booster Pumping Station and Discharge Main	WSUP-116		C	
Eastern Area Pressure Reducing Valves	WSUP-117		C	I
Wellington Operations Center Expansion	MISC-102		C	
English Gardens	MISC-116	C		
Featherstone SPS and Force Main, L16	MISC-117	I		
Possum Point Road Water Main Corrosion Investigation	MISC-117	C		
Facility Wide Improvements – Design-Build Project	WRF-138		C	I
SCADA System Upgrade	IT-126			O

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.

Key Metrics	FY23 Benchmark	FY23 Goal
Complete the annual audit and the Comprehensive Financial Report	Unqualified "Clean" Opinion	Unqualified "Clean" Opinion
AWWA quality benchmark program (Effective Utility Management Program)	High Performance Rating	High Performance Rating
Operate within the approved budget and seek cost savings	Not to Exceed Budget	Not to Exceed Budget
AAA bond rating by Standard and Poor's and Moody's	AAA	AAA
Debt-to-Asset Ratio	0.4	0.4
Overtime Rate (overtime hours/hours worked)	4%	4%
Meet all rate covenants required by Trust Indenture	Full Compliance	Full Compliance
Service Affordability: Average Annual Water and Sewer Bill as a % of income below the EPA standard for poverty prevalence	Low Burden Rating	Low Burden Rating
Construction Change Orders in Dollars	5%	1.5% - 4.5%
E-Bill Rate %	40%	45%

Project Goals

- Complete rate study for Developer charges and update financial data and assumptions for User rates to reflect operating and replacement requirements.
- Continue to pursue grant funding opportunities for capital projects.
- Continue to standardize project management processes.

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.

Key Metrics

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

Project Goals

- Continue to implement the Diversity & Inclusion (D&I) Roadmap, to include:
 - Deployment of a mentorship program for underserved youth.
 - Formalize an outreach and performance measurement program to support the participation and success of Small, Women-owned, Minority-owned and Disabled Veteran-owned businesses (SWaM) in all areas of the Service Authority's procurement and contracting processes.
 - Review existing policies and procedures.
- Plan and hold 2023 events, including Water Art Invitational, Science Fair Awards and Water Academy, as permitted under pandemic/state guidelines 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.

Key Metrics	FY23 Benchmark	FY23 Goal
Cybersecurity Intrusions	0	0
Average Network Availability	99.5%	99.9%
Average Software Application Availability	99.5%	99.9%
Average Telecommunications Availability	99.5%	99.9%
Average SCADA Availability	98%	99%
Cybersecurity Training Hours	At least 1.0	At least 1.0

Project Goals

- Continue to implement cybersecurity enhancements including 24/7 monitoring, access and identity management.
- Perform cybersecurity audit; develop and exercise cybersecurity incident response plan.
- Expand Enterprise Data Warehouse solution (central repository of critical data for reporting) to support analytics and workflow capabilities.
- Implement Document Management System using SharePoint online to take advantage of automation and paperless workflow opportunities.
- Continue SCADA software upgrade and new panel installations at SA 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

LIHWAP	Low Income Household Water Assistance Program
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 AWRF 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