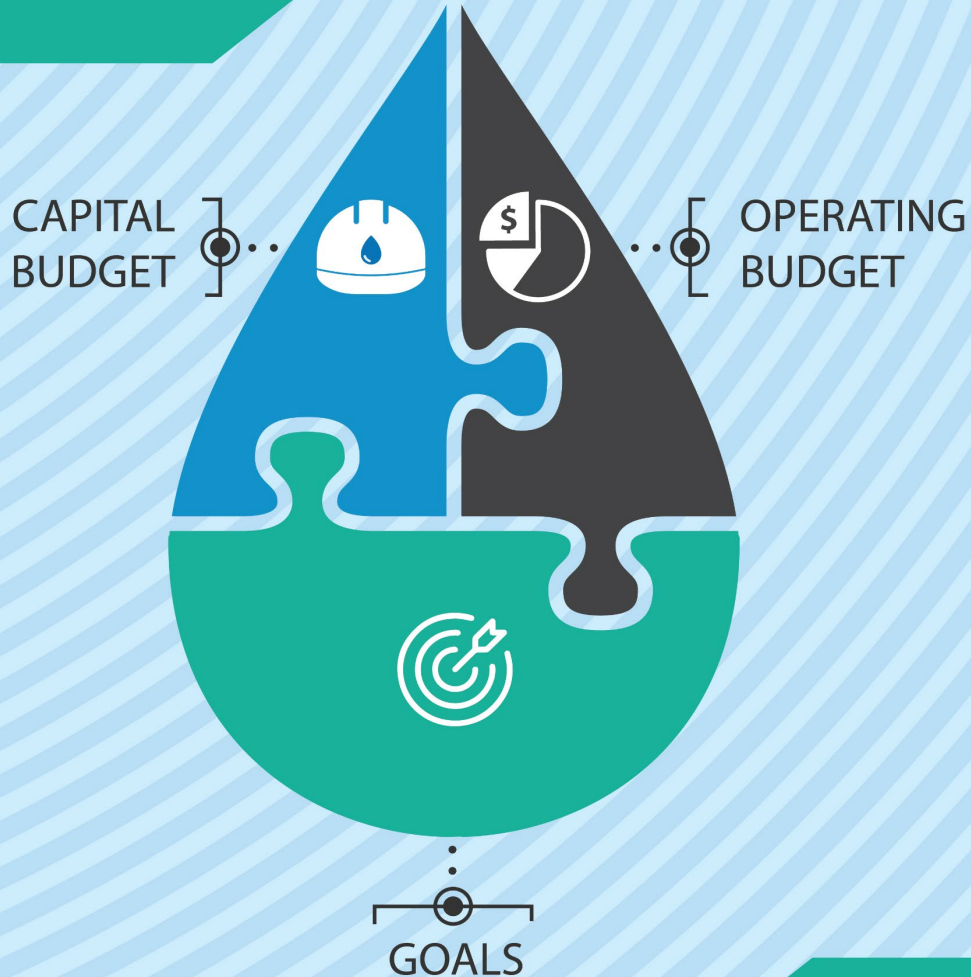


ANNUAL BUSINESS PLAN FISCAL YEAR 2024





Service Authority
Prince William County

FY24 Annual Business Plan

Annual Business Plan

Fiscal Year 2024

Adopted: May 11, 2023

Board of Directors

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The FY24 Annual Business Plan was developed in alignment with the Board of Directors' Vision and the Service Authority's (SA) Strategic Plan. Staff collaborated to identify operating requirements, capital needs, and annual business and performance goals. The resource requirements for each of the needs were evaluated and went through several cycles of refinement to prioritize and finalize the Annual Business Plan.

The FY24 Annual Business Plan consists of the following:

Section I Operating Budget – This section includes a budget overview, budget details and assumptions, plan of finance, sources and uses of funds, customer rate comparison, and supplemental tables.

Section II Capital Budget – This section includes estimated spending by asset class and an itemized list of projects projected to be active in FY24.

Section III Business Goals – This section includes key performance indicators and annual business goals by Areas of Excellence.



Operating Budget

Section I

The FY24 Annual Business Plan considers the impact of several industry-wide challenges, such as:

- Personnel shortages for some positions and contractors.
- Aging infrastructure and evolving regulatory requirements.
- Longer lead times and rising costs for supplies, services, and construction.

While challenging, the SA has been successful in mitigating risks and overcoming most challenges. The FY24 Annual Business Plan includes resources to:

- Continue to protect public health and safety (including cyber security).
- Make significant investments in needed infrastructure.
- Attract and retain staff, and continue to pursue performance excellence.

Budget Highlights

- Total revenue is projected to increase by 4.8% from \$157.1 million to \$164.7 million. Revenue from User Charges is up based on FY23 consumption trends, 0.7% account growth, and adopted rate increases. Revenue from Developer Charges is down based on a lower Equivalent Residential Unit (ERU) projection of 1,300, partially offset by Board-adopted availability fee increases (see page 10).
- Total expenses are projected to be \$116.6 million, representing a \$9.6 million or 8.9% increase. The budget reflects increases in all expense categories primarily due to the impact of inflation and increased costs for wholesale water, technology, preventative maintenance (assessments and repairs), materials & supplies, and employee recruitment, engagement, and learning efforts (see page 10).
- Uses of funds (expenditures) exceed sources of funds (revenue) in FY24 due to higher capital expansion and replacement spending, and higher operating costs. The shortfall will reduce cash reserves in FY24 by an estimated \$24.4 million. Fund balances are projected to be within target ranges (see page 14).
- The Capital Improvement Program (CIP) is budgeted at \$99.5 million for FY24, which consists of \$30.2 million in debt-funded projects and \$69.3 million in cash-funded projects (see page 23). New debt issuance is planned for FY24.

Table 1 - Budget Overview - All Funds

Description	FY23 Budget	FY24 Request	Difference	Percent Change	Notes
<u>Revenue</u>					
R1 User Charges	\$ 125,376,700	\$ 130,709,500	\$ 5,332,800	4.3%	- Based on FY23 actual YTD, 0.7% account growth and adopted rates
R2 Developer Charges	24,517,000	22,223,000	(2,294,000)	-9.4%	- 1,300 ERUs, adopted fee increases, and a slight decrease in inspection fees
R3 Interest Income	3,457,000	8,056,000	4,599,000	133.0%	- Based on projected FY24 Fund Balance and interest rates
R4 Other Revenue	3,766,000	3,705,000	(61,000)	-1.6%	
Total Revenue	\$ 157,116,700	\$ 164,693,500	\$ 7,576,800	4.8%	- See notes above for R1, R2 & R3
<u>Expenses</u>					
E1 People & Talent	\$ 44,325,100	\$ 46,846,100	\$ 2,521,000	5.7%	- 9.0% merit pool to include inflation adjustment for all employees, 4.9% increase in health costs
E2 Purchased Resources	32,775,300	36,799,500	4,024,200	12.3%	- Increases in the projected cost of wholesale service agreements due to higher operating and capital expenditures
E3 Material & Supplies	6,999,250	7,692,800	693,550	9.9%	- Increases in small equipment, chemicals, parts, supplies, and community outreach supplies
E4 Utilities	5,950,000	6,080,000	130,000	2.2%	
E5 Contractual Services	14,447,450	16,050,500	1,603,050	11.1%	- Increases in IT contracted service, asset conditions assessments, employee engagement, and VIBE
E6 Other Expenses	2,221,300	2,813,200	591,900	26.6%	- Increases in training, cyber insurance, and rent costs
E7 Contingency	300,000	300,000	-	0.0%	
Total Expenses	\$ 107,018,400	\$ 116,582,100	\$ 9,563,700	8.9%	- See notes above for E1, E2, E3, E5 & E6
<u>Plan of Finance and Capital Budget</u>					
Debt Service (Principal & Interest)		\$ 23,981,116			- See page 13 for details
Capital Improvement Program (CIP)		99,466,000			- Includes Replacement & Expansion projects (Cash and Debt Funded)

REVENUES

R1	User Charges are expected to increase by 4.3%, primarily due to the adopted user rate increases and 0.7% account growth.
R2	Developer Charges are fees that authorize a customer to establish service and cover the pro-rata share of added system capacity and infrastructure. Revenue from Developer Charges decreased by \$2.3 million or 9.4% due to a projected decrease in growth from 1,500 to 1,300 Equivalent Residential Units (ERUs). Residential development is at record low levels and shows no sign of rebounding in FY24.
R3	Interest Income is estimated to increase from \$3.5 million to \$8.1 million, as significantly higher interest rates more than offset a decline in the Service Authority's fund balance.
R4	Other revenue, which consists of administrative fees and revenue from antenna leases, is projected to be down slightly (\$61,000 or 1.6%) due to lower estimated application fee revenue.

EXPENSES

E1	<p>People and Talent expenses are projected to increase by \$2.5 million or 5.7% and reflect the following:</p> <ul style="list-style-type: none"> ■ An increase to salaries and wages of \$1.8 million or 5.6% based on: <ul style="list-style-type: none"> ▪ A projected average staffing level of 362 FTEs, up 2 FTEs from FY23, and a vacancy rate of 7.0%. ▪ A performance pay pool of \$2.8 million (\$2.6 million Operating Budget impact; \$0.2 million Capital Budget impact) is requested to recognize performance and retain staff. The pool includes an inflation adjustment for all employees and provides for base merit increases and one-time payments based on employee performance. ■ An increase to Fringe Benefits of \$679,900 or 6.2%, which reflects: <ul style="list-style-type: none"> ▪ An increase of \$407,800 in payroll taxes, workers' compensation costs, and VRS contributions, which are based on employee wages. ▪ An increase of \$272,100 or 4.9% for health insurance, which reflects current and planned enrollments and a 3.0% increase in premiums (employer and employees).
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EXPENSES

E2	Purchased Resources are pass-through costs for wholesale water purchases from Fairfax Water and the City of Manassas, sewer services provided by Upper Occoquan Service Authority (UOSA), and trash service for customers in Yorkshire. Purchased Resources are up \$4.0 million or 12.3% from FY23. Projected water costs are up 15.3% due to higher operating costs and three large capital projects. Sewer costs are up 8.9% due to large increases in personnel, power, and chemicals. The budget for Purchased Resources is based on available data from wholesale providers and Service Authority usage estimates, capital execution, and other factors. Variations from our estimates can significantly impact actual Purchased Resources costs, and in unusual circumstances, require a supplemental budget request.
E3	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 \$693,550 or 9.9% is due to higher chemical costs (Ferric Chloride, Methanol, and Polymer), lab supplies, tools, water and sewer line supplies for repairs and maintenance, and community outreach supplies. Recent inflation and shortages related to supply chain delays are the primary factors in the increased costs.
E4	Utility costs are projected to increase by \$130,000 or 2.2% due to higher telephone and telecommunications expenses. Increases in electricity costs were included in the FY23 Budget.
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, legal, and maintenance/support contracts. The Contractual Services budget increased by \$1.6 million or 11.1% due to:</p> <ul style="list-style-type: none"> ▪ Contracted services for IT and software improvements and upgrades - \$610,000. ▪ Asset condition assessments, contracted repairs, and maintenance in O&M - \$440,000. ▪ Consulting related to employee development, VIBE (see glossary) efforts, recruitment, and employee engagement - \$307,700. ▪ Other contractual services - \$245,350.
E6	Other Expenses include training, insurance, rent, bad debt, and other miscellaneous expenses.

Table 2 - FY24 Plan of Finance

Debt Service Type	Total Existing Debt Service			FY24 Debt Service		
	Principal	Interest	Total Payment	Principal	Interest	Total Payment
Service Authority Bonds	\$ 42,870,000	\$ 7,743,301	\$ 50,613,301	\$ 3,575,000	\$ 1,305,148	\$ 4,880,148
Virginia Resources Authority (VRA)	\$ 135,479,781	\$ 11,384,636	\$ 146,864,417	\$ 5,711,366	\$ 698,531	\$ 6,409,897
UOSA	\$ 155,103,688	\$ 61,500,087	\$ 216,603,775	\$ 7,984,249	\$ 4,706,822	\$ 12,691,071
Total Debt Service	\$ 333,453,469	\$ 80,628,024	\$ 414,081,493	\$ 17,270,615	\$ 6,710,501	\$ 23,981,116

- Debt service for FY24 is projected at \$24.0 million based on current debt service schedules:
 - Debt service on Service Authority bonds is projected at \$4.9 million in FY24. This represents debt issued to finance purchased water capacity from Fairfax Water and the construction of the Linton Hall SPS.
 - VRA debt service totals \$6.4 million in FY24 and consists of loans from the Virginia Clean Water Revolving Loan Fund (VCWRLF) to finance capital improvements to the H. L. Mooney Advanced Water Reclamation Facility (AWRF). In FY22, the Service Authority secured \$100 million in VCWRLF funding to finance CIP project WRF-138 Facility Wide Improvements - Design-Build capital project.
 - UOSA debt service is estimated at \$12.7 million in FY24 and represents the Service Authority's share of UOSA's debt obligations. UOSA is a joint venture between Fairfax County, Prince William County, and the Cities of Manassas and Manassas Park.
 - The Service Authority plans to seek additional VCWRLF or private financing to complete the H.L. Mooney AWRF improvements and to finance a portion of the Service Authority's sewage pumping station capital program.

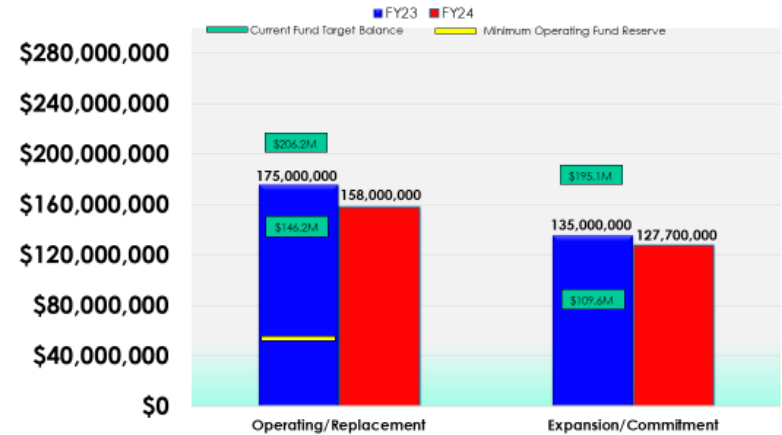
Table 3 - Sources & Uses (in Millions)

Operating and Replacement		Expansion and Commitment	
Serving Existing Customers		Serving New Customers	
<u>Sources of Funds</u>		<u>Sources of Funds</u>	
User Charges	\$133.5	Developer Charges	\$20.9
Other Operating Revenue	1.0	Other Operating Revenue	1.3
Interest Income	4.4	Interest Income	3.6
Projected Source of Funds	\$138.8	Projected Source of Funds	\$25.9
<u>Uses of Funds</u>		<u>Uses of Funds</u>	
People & Talent	\$42.5	People & Talent	\$4.3
Purchased Resources	36.1	Purchased Resources	0.7
Contractual	14.6	Contractual	1.4
Utilities, Materials, Other	16.6	Utilities, Materials, Other	0.3
Debt Service	9.6	Debt Service	14.4
Replacement Capital ¹	56.3	Expansion Capital ¹	22.4
Projected Use of Funds	\$175.8	Projected Use of Funds	\$43.5
Bond Proceeds	20.0	Bond Proceeds	10.2
Net Change	-17.0	Net Change	-7.3

¹ For cash flow projection purposes, the Service Authority projects capital spending of \$78.7M. The Net Change includes bond proceeds shown above.

SA FUND BALANCES

Projected as of June 30



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 promptly address infrastructure repairs and replacement needs.

As of April 1, 2023

Table 4 - User Rate Comparison

Jurisdiction	Avg. Use - 5 TGALS	
Fauquier	\$	141.70
City of Manassas Park	\$	98.45
City of Manassas	\$	86.32
Virginia Average ¹	\$	86.18
Virginia American	\$	84.19
Stafford County	\$	83.25
Fairfax Water/County	\$	77.06
City of Falls Church	\$	75.13
PWCSA²	\$	71.90
Loudoun Water	\$	68.17

¹Average monthly water and sewer rates in Virginia (Draper Aden Survey 2022)²Average monthly residential bill as of Jan. 1, 2023, will be \$74.35

- EPA's affordability standard classifies SA rates as "Low Burden," the most affordable designation.
- 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, water quality, and public health and safety.

Table 5 - Operating & Replacement Fund Revenue

Description	FY23 Budget	FY24 Request	Difference	Percent Change
<u>Operating Revenues</u>				
Sale of Service	\$ 92,647,735	\$ 96,589,600	\$ 3,941,865	4.3%
Peak Use & High Demand Charges	5,231,000	5,476,200	245,200	4.7%
Service Charge	27,497,965	28,643,700	1,145,735	4.2%
Other Operating Revenue	2,863,000	2,755,000	(108,000)	-3.8%
Total Operating Revenue	\$ 128,239,700	\$ 133,464,500	\$ 5,224,800	4.1%
<u>Non-Operating Revenues</u>				
Interest Income	\$ 2,057,000	\$ 4,417,000	\$ 2,360,000	114.7%
Property Rental	903,000	950,000	47,000	5.2%
Total Non-Operating	\$ 2,960,000	\$ 5,367,000	\$ 2,407,000	81.3%
Total Revenue	\$ 131,199,700	\$ 138,831,500	\$ 7,631,800	5.8%

Table 6 - Operating & Replacement Fund Expenses

Description	FY23 Budget	FY24 Request	Difference	Percent Change
<u>Expenses</u>				
Salaries & Wages	\$ 30,569,600	\$ 31,870,100	\$ 1,300,500	4.3%
Fringe Benefits	10,178,700	10,671,000	492,300	4.8%
Purchased Water	16,564,939	19,208,000	2,643,061	16.0%
Purchased Sewer	15,176,361	16,533,500	1,357,139	8.9%
Purchased Trash	365,000	390,000	25,000	6.8%
Utilities	5,950,000	6,080,000	130,000	2.2%
Insurance	553,000	658,000	105,000	19.0%
Contractual Services	8,358,800	9,699,800	1,341,000	16.0%
Repairs & Maintenance	4,793,150	4,930,200	137,050	2.9%
Material & Supplies	6,896,250	7,615,900	719,650	10.4%
Rent, Training, Travel, Other	1,421,350	1,753,250	331,900	23.4%
Contingency	275,000	100,000	(175,000)	-63.6%
Other Non-Operating	245,000	400,000	155,000	63.3%
Total Expenses	\$ 101,347,150	\$ 109,909,750	\$ 8,562,600	8.4%

Table 7 - Expansion & Commitment Fund Budget

Description	FY23 Budget	FY24 Request	Difference	Percent Change
<u>Operating Revenues</u>				
Operating Revenues	\$ -	\$ -	\$ -	N/A
Inspection Fees & Revenue	1,417,000	1,300,000	(117,000)	-8.3%
Availability Fees & Developer Charges	23,100,000	20,923,000	(2,177,000)	-9.4%
Total Operating Revenue	\$ 24,517,000	\$ 22,223,000	\$ (2,294,000)	-9.4%
<u>Non-Operating Revenues</u>				
Interest Income	1,400,000	3,639,000	2,239,000	159.9%
Total Non-Operating	\$ 1,400,000	\$ 3,639,000	\$ 2,239,000	159.9%
Total Revenue	\$ 25,917,000	\$ 25,862,000	\$ (55,000)	-0.2%
<u>Expenses</u>				
Salaries & Wages	\$ 2,773,800	\$ 3,314,400	\$ 540,600	19.5%
Fringe Benefits	803,000	990,600	187,600	23.4%
Purchased Water	669,000	668,000	(1,000)	-0.1%
Contractual Services	1,272,000	1,392,000	120,000	9.4%
Repairs & Maintenance	23,500	28,500	5,000	21.3%
Material & Supplies	103,000	76,900	(26,100)	-25.3%
Rent, Training, Travel, Other	1,950	1,950	-	0.0%
Contingency	25,000	200,000	175,000	700.0%
Total Expenses	\$ 5,671,250	\$ 6,672,350	\$ 1,001,100	17.7%

Table 8 - Operating Fund Transfer Estimates

Description	Amount
Operating Fund as of June 30, 2023	\$ 74.8
Transfer on July 1, 2023	\$ (18.6)
FY24 Starting Fund Balance	\$ 56.2
FY24 Operating Revenue (Cash Basis)	\$ 134.7
FY24 Operating Expenditures (Cash Basis)	\$ (110.2)
FY24 Ending Fund Balance	\$ 80.7
50% of FY25 Operating Budget*	\$ 57.8
Transfer on July 1, 2024	\$ 22.9

* Assumes a 5% increase

The Service Authority takes a long-term, multi-year approach to capital and financial planning. The annual budget is prepared based on updated projections and assumptions for the upcoming year. It accounts for the 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 Board of Directors appropriates the budget annually in lump sum operating, debt service, and capital spending limits. The General Manager manages the 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, including approval by the Board of Directors at certain thresholds. Expenditures are approved and funds are encumbered 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 the budget.



Capital Budget

Section II

Table 9 - Capital Improvement Program

All Projects	FY24	FY25	FY26	FY27	FY28
Water Supply Projects (WSUP)	\$ 10,535,000	\$ 10,853,000	\$ 7,765,000	\$ 1,650,000	\$ 1,650,000
Water Storage Projects (WST)	1,355,000	2,950,000	2,950,000	2,950,000	1,578,000
Water Transmission Projects (WAT)	7,792,000	6,800,000	12,408,000	21,150,000	25,500,000
Sewage Pumping Station Projects (SPS)	25,268,000	35,484,000	47,987,000	58,778,000	43,504,000
Sewer Collection Projects (SEW)	2,015,000	1,161,000	1,600,000	600,000	600,000
Water Reclamation Facility Projects (WRF)	18,200,000	49,595,000	51,936,000	48,850,000	47,550,000
Miscellaneous Projects (MISC)	12,448,000	18,911,000	26,486,000	29,449,000	43,899,000
Information Technology Projects (IT)	9,287,000	10,438,000	11,940,000	9,413,000	-
Regional Utility Projects (REG)	12,566,000	15,666,000	7,900,000	24,400,000	24,400,000
Total CIP Budget	\$ 99,466,000	\$ 151,858,000	\$ 170,972,000	\$ 197,240,000	\$ 188,681,000
Total Cash Projects included above	\$ 69,258,000	\$ 93,701,000	\$ 110,083,500	\$ 127,325,000	\$ 125,504,000
Total Bonded Projects included above	\$ 30,208,000	\$ 58,157,000	\$ 60,888,500	\$ 69,915,000	\$ 63,177,000

- Spending on capital projects is budgeted at \$99.5 million in FY24. The table above summarizes the capital projects by type of assets. The individual project names, CIP project numbers, and budgets are itemized in Table 9A (see pages 24, 25, and 26).
- Debt funding (WRF-138 and a portion of the SPS program) of capital spending in FY24 totals \$30.2 million.
- The FY24 CIP also includes \$69.3 million in projects funded from cash. The timing of projects is dependent on many factors, including easement acquisition, weather, and coordination with other project schedules or jurisdictions, which can result in variations in project schedules and spending.
- The Board of Directors must approve contracts greater than \$500,000 per the Service Authority Procurement and Contract Management Regulations. The General Manager is authorized to approve all other capital expenditures and may defer or advance the timing and spending of individual projects while adhering to \$99.5 million spending limit authorized in the FY24 Annual Business Plan.

Table 9A CAPITAL IMPROVEMENT PROGRAM (SCHEDULE A)

CIP#	PROJECT NAME	PROJECT BUDGET	FY24 SPENDING
WSUP-103	Water Meter Vault Improvements	675,000	175,000
WSUP-105	Montclair/Four Seasons Water System Improvements	15,230,000	7,800,000
WSUP-111	Bull Run Mountain Well Upgrades	2,826,000	200,000
WSUP-112	Manassas Southside Booster Pumping Station, F18	1,600,000	35,000
WSUP-114	Capital Meter Program	7,625,000	1,525,000
WSUP-116	Unity Reed Booster Pumping Station, F14 and Discharge Main	14,326,000	500,000
WSUP-117	Eastern Area Pressure Reducing Valves	1,420,000	300,000
WST-110	Water Storage Tank Rehabilitation Program	6,638,000	40,000
WST-111	Tank Re-Chlorination Program	5,145,000	1,315,000
WAT-115	Dawkins Branch Transmission Main	7,766,000	1,000,000
WAT-181	Route 1 Transmission Main - Phase 1	13,193,000	311,000
WAT-182	Route 1 Transmission Main - Phase 2	13,416,000	1,481,000
WAT-183	Western Area Resiliency - Rt. 28 Bypass	40,825,000	500,000
WAT-184	Sudley Road Water Main - Phase 3	2,180,000	1,000,000
WAT-200	Water Distribution Asset Replacement Program	17,500,000	3,500,000
SPS-100	Generator Replacement Program	4,370,000	340,000
SPS-107	Occoquan Forest Sewage Pumping Stations, L36 & L37	6,494,000	472,000
SPS-108	Nokesville Sewage Pumping Station, L20	2,841,000	212,000
SPS-112	Graham Park Sewage Pumping Station, L13	4,829,000	62,000
SPS-113	Heritage Hunt Sewage Pumping Station, L52 and Force Main	43,991,000	17,000,000
SPS-115	Belmont Sewage Pumping Station, L17 and Force Main	16,533,000	1,000,000

Table 9A CAPITAL IMPROVEMENT PROGRAM (SCHEDULE A)

CIP#	PROJECT NAME	PROJECT BUDGET	FY24 SPENDING
SPS-116	Hornbaker Sewage Pumping Station, L06 and Force Main	3,966,000	513,000
SPS-118	Koon's Sewage Pumping Station, L28	5,324,000	1,000,000
SPS-123	Spinnaker Court Sewage Pumping Station, L02 and Force Main	4,539,000	1,000,000
SPS-125	Occoquan Creek Sewage Pumping Station, L04 and Gravity Ma	15,389,000	600,000
SPS-134	Hooes Run Sewage Pumping Station, L01 and Force Main	27,055,000	600,000
SPS-135	Yorkshire Sewage Pumping Station, L30 and Force Main	8,506,000	761,000
SPS-136	Melrose Sewage Pumping Station, L10	8,269,000	708,000
SPS-138	Powell's Creek Sewage Pumping Station, L08 and Force Main	20,000,000	500,000
SPS-142	Featherstone Sewage Pumping Station, L18 and Force Main	47,000,000	500,000
SEW-106	Dumfries Force Main and Water Main	4,674,000	423,000
SEW-157	Sudley Road Sewer Main	5,346,000	718,000
SEW-158	I-66 Rest Area Sewer Main	1,900,000	274,000
SEW-200	Sewer Collection Rehabilitation & Replacement Program	3,000,000	600,000
WRF-123	Ongoing Renewal and Replacement	9,642,000	400,000
WRF-131	FBI and Solids Building Repairs and Modifications	6,894,000	480,000
WRF-134	Bioreactor Basin Improvements	3,837,000	320,000
WRF-138	Facility Wide Improvements - Design-Build Project *	222,419,000	17,000,000
MISC-100	Water and Sewer Utility System Improvement Opportunity (USIC	7,840,000	1,440,000
MISC-101	Water & Sewer Facility Security Enhancements	2,275,000	585,000
MISC-102	Wellington Road Operations Center Expansion	16,662,000	1,500,000
MISC-103	Facility Renewals and Upgrades	1,359,000	200,000

Table 9A CAPITAL IMPROVEMENT PROGRAM (SCHEDULE A)

CIP#	PROJECT NAME	PROJECT BUDGET	FY24 SPENDING
MISC-112	Administrative Office Space Expansion	20,786,000	135,000
MISC-114	System Wide Master Plan	1,035,000	185,000
MISC-116	English Gardens Property Building & Site Improvements	51,869,000	850,000
MISC-117	Studies and PER's - Organization Wide	3,500,000	700,000
MISC-118	Nottoway Tank Site Development	800,000	200,000
MISC-200	Vehicle Replacement Program	7,523,000	1,983,000
MISC-201	Mechanical Equipment Replacement Program	13,411,000	2,210,000
MISC-202	Computer and Other Replacement Program	6,100,000	1,200,000
MISC-203	Major Facility Rehabilitation Program	9,760,000	1,260,000
IT-106	Cayenta - CIS	1,102,000	250,000
IT-107	Computerized Maintenance Management System (CMMS) Implementati	3,287,000	1,450,000
IT-110	Document Management System Implementation	2,580,000	1,560,000
IT-117	Vertical Asset Data Development	663,000	365,000
IT-118	System Integration	1,675,000	75,000
IT-121	Asset Management Analytics	1,212,000	215,000
IT-122	Project Management Information System (PMIS) Implementation	2,315,000	175,000
IT-125	Network Security Upgrades	500,000	150,000
IT-126	SCADA System Upgrade	22,612,000	4,838,000
IT-128	Web Content Management System Migration	375,000	209,000
REG-1	Occoquan River Crossing	31,749,000	12,566,000
Total FY24 CIP Authorization			99,466,000



Business Goals

Section III



INTRODUCTION

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, Strategic Plan and the Board of Directors' Vision.



MISSION

Prince William County Service Authority **protects public health and the environment** by reliably providing **clean, safe** and **dependable** water and wastewater reclamation services to our community.



BOARD OF DIRECTORS' VISION 2032

The Prince William County Service Authority is a **trusted public steward** and **nationally recognized model** for performance excellence. We reflect the **diverse and vibrant community** we serve and nurture diversity, equity and inclusion in relationships with our community, customers, businesses, and industry colleagues. We **create value** for our community through our **Areas of Excellence**.

AREAS OF EXCELLENCE (AOE)

The Board of Directors identified six key Areas of Excellence to achieve its Vision:



EXCEPTIONAL
CUSTOMER
EXPERIENCE



SUSTAINABLE
OPERATIONS



WORKPLACE
OF CHOICE



FINANCIAL
STEWARDSHIP



ENVIRONMENTAL
LEADERSHIP
AND COMMUNITY
ENGAGEMENT





CONTINUOUS
IMPROVEMENT
& INNOVATION




EXCEPTIONAL CUSTOMER EXPERIENCE

We deliver **an exceptional customer experience** by providing prompt, reliable service that **minimizes disruptions**; fostering **quality interactions** with staff who are courteous, knowledgeable and professional; using leading-edge technologies; communicating proactively; and ensuring that information is transparent and easily accessible. We listen to our customers, adapt our service delivery and **earn their trust** through **consistent and fair practices**.

 **STRATEGIC OBJECTIVE 1:** Foster quality interactions with our customers.

 **STRATEGIC OBJECTIVE 2:** Earn trust through transparent and effective communications with our diverse community.

 **STRATEGIC OBJECTIVE 3:** Enhance customer service within the organization.

(See Strategic Plan for individual strategies)

Key Performance Indicators (KPI)	FY24 Benchmark	FY24 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
Communication Transparency Index (%) (Notifications for disruptions and CIP projects)	85%	90%


Business Goals

- Deploy www.pwcsa.org and www.h20lab.org with new features that increase the site's accessibility and services for all customers.
- Advocate for the establishment of a permanent LIHWAP Program to help customers obtain payment assistance.
- Implement the Annual Strategic Communications Plan, including routine customer communications, social media, web, and other platforms; Emphasize the value of water.
- Evaluate mobile apps compatible with our CRM system (Cayenta). Develop the app, if feasible.



WORKPLACE OF CHOICE

Our **people** drive our success. We are a **workplace of choice** that offers **meaningful public service, total rewards, and compensation**. We **develop**, support, and sustain a **high-performing workforce**. We **attract a diverse workforce** with an **inclusive culture** that supports employees and their health, safety, happiness, and sense of belonging.

 **STRATEGIC OBJECTIVE 1:** Attract and develop applicants.

 **STRATEGIC OBJECTIVE 2:** Engage and retain a high-performing workforce dedicated to meaningful public service.

(See Strategic Plan for individual strategies)

Key Performance Indicators (KPI)	FY24 Benchmark	FY24 Goal
Employee Engagement Satisfaction Score 1 – 5	4.2	4.4
Safety Experience Modifier (XMOD)	≤ 1.0	≤ 0.7
Employee Turnover Rate	12%	9%
Training Hours per FTE	24	≥24


Business Goals

- Execute an expanded recruitment and outreach plan to broaden the diversity of our applicant pool.
- Partner with existing workforce development programs.
- Develop a formal experiential career and technical development program with local public schools for deployment in FY25.
- Pursue the multi-year VIBE action plan to address opportunities identified in the D&I survey.
 - Engage employees through employee resource groups (ERG).
 - Offer and measure new VIBE learning offerings.
- Re-Assess space requirements for functional needs and staffing levels to improve efficiency, safety, and comfort in the workplace.

ENVIRONMENTAL LEADERSHIP AND COMMUNITY ENGAGEMENT

We protect **precious natural resources** by implementing **environmentally sustainable practices**, meeting or **exceeding all regulatory requirements**, and **informing regulatory and legislative processes**. We are **leaders** in the water and sewer industry and maintain **dynamic partnerships** that benefit the Prince William County community, the Washington, D.C. metro region, and the environment. We **build trust** through sustained, responsive **community engagement and education**.

 **STRATEGIC OBJECTIVE 1:** Be environmental leaders.

 **STRATEGIC OBJECTIVE 2:** Be a dynamic regional partner.

(See Strategic Plan for individual strategies)

Key Performance Indicators (KPI)	FY24 Benchmark	FY24 Goal
NACWA Peak Performance Award (100% compliance)	Platinum	Platinum
Water Regulatory Compliance Rate	100%	100%
# of students taught	8,000	≥8,000
Teacher Satisfaction Rate	4.0	4.5
Community Outreach Index (EUM)	100%	100%
News releases issued	12	12
Submissions to industry publications	4	4
Host Water Art Invitational, Science Fair Awards, and Water Academy	100%	100%


Business Goals

- Participate in regional, state, and national industry partnerships, committees, working groups, and conferences. Engage with regional and State partners on new PFAS regulations.
- Publish lead and copper inventory for customers.
- Pursue Virginia Environmental Excellence Program (VEEP) recognition.
- Plan and deploy new Trick or Treatment event at Mooney in partnership with community environmental organizations.
- Deploy a new "Loaner Model" program for Prince William County teachers, training them in appropriate curriculum and use of educational models.



SUSTAINABLE OPERATIONS

We ensure our customers have access to **vital water and sewer services** through **proactive maintenance and planned capital investment**. We maintain **world-class infrastructure, consistently high levels of customer service with reliable, resilient, and secure operations** by using data-driven asset management, predictive modeling and an effective emergency preparedness plan.

 **STRATEGIC OBJECTIVE 1:** Ensure reliable, resilient, and secure operations.

 **STRATEGIC OBJECTIVE 2:** Maintain effective long-range planning.

(See Strategic Plan for individual strategies)

Key Performance Indicators (KPI)	FY24 Benchmark	FY24 Goal
Notices of Violations or Consent Orders	0	0
Percent of Distribution System Samples Meeting Chlorine Residual Requirements	95%	≥ 95%
Average Operational Readiness	97%	≥97%
Average Water System Reliability	99.999%	≥99.999%
Average SCADA Availability	98%	≥98%
Average Water Loss	< 6%	< 6%
Execution of Valve Exercising Plan*	100%	100%
Average Inoperable Fire Hydrants	< 0.5%	< 0.5%
Execution of Sewer Line Maintenance and Rehabilitation Plan†	100%	100%
Capital Project Execution Rate	65%	>65%

Business Goals

- Effectively maintain the reliability of the water and sewer systems through:
 - Implementation of the Capital Improvement Program. See Section II for a full list of projects.
 - Preventative maintenance programs such as valve exercising, Inflow and Infiltration Program, and the use of cured-in-place pipe, and closed circuit TV inspections.
- Conduct condition assessments of large-diameter water transmission mains, gravity sewers, or force mains.
- Optimize the water main valve exercising plan and sewer line inspection and rehabilitation plan by incorporating additional risk-based data. *†




FINANCIAL STEWARDSHIP

Our **long-term financial planning** allows us to be **responsive and adaptive** within a changing regulatory and economic climate. Our “Growth Pays for Growth” policy and cost-of-service structure yields **rates that are fair and affordable**, while ensuring that we deliver **essential services at the highest level of quality expected** by the community we serve.

 **STRATEGIC OBJECTIVE 1:** Maintain sound financial standing.

 **STRATEGIC OBJECTIVE 2:** Maximize value, fairness, and affordability.

 **STRATEGIC OBJECTIVE 3:** Strive for Performance Excellence.

(See Strategic Plan for individual strategies)

Key Performance Indicators (KPI)	FY24 Benchmark	FY24 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
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%
Compliance with rate and bond covenants	100%	100%
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


Business Goals

- Obtain financing to complete the H.L. Mooney AWRF Facility-wide Improvement Project and a portion of the Sewage Pumping Station capital program in alignment with the Plan of Finance.
- Pursue grant funding opportunities for capital projects.
- Deploy Supplier Diversity Program with outreach efforts, performance measurement, and utilization goals.
- Update the Master Plan to reflect changes to the PWC Comprehensive Plan.



CONTINUOUS IMPROVEMENT & INNOVATION

We achieve sustained **excellence through continuous improvement and innovation**. As a **digital utility**, we **leverage integrated, leading-edge technology and data** to generate greater **efficiencies**, accelerate **innovation** and improve our **customer experience**. Our **collaborative and proactive** approach allows us to deliver value promptly and iteratively to our customers.

 **STRATEGIC OBJECTIVE 1:** Support efficient operations through implementation of a strategic Technology Roadmap that leverages integrated, leading-edge technology and data (Digital Utility).

 **STRATEGIC OBJECTIVE 2:** Sustain Excellence through Continuous Improvement and Innovation (CI&I)

(See Strategic Plan for individual strategies)

Key Performance Indicators (KPI)	FY24 Benchmark	FY24 Goal
Number of Cyber Intrusions	0	0
Phishing Test Success Rate	98%	≥98%
Average Network Availability	99.5%	≥99.5%
Average Software Application Availability	99.5%	≥99.5%
Average Telecommunications Availability	99.5%	≥99.5%
Mandatory Cybersecurity Training	3X/year	3X/year

Business Goals

- Pursue the IT Roadmap to include:
 - Continue to deploy SharePoint to automate workflows and enhance work collaboration and document management practices.
 - Continue SCADA System Upgrade.
 - Continue asset and work management system implementation (Cityworks and GIS) at the H.L. Mooney AWRP.
 - Perform Enterprise Resource Planning system analysis.
- Continue to identify, implement and integrate process improvements using Plan-Do-Check-Adjust (PDCA) and lessons learned.

AOE	Areas of Excellence	PDCA	Plan-Do-Check Act
AWRF	Advanced Water Reclamation Facility	PER	Preliminary Engineering Report
AWWA	American Water Works Association	PFAS	Perfluoroalkyl or Polyfluoroalkyl Substances
CIP	Capital Improvements Program	PMIS	Project Management Information System
CIS	Computer Information System	PWC	Prince William County
CMMS	Computerized Maintenance Management System	PWCSA or SA	Prince William County Service Authority
CRM	Customer Relationship Management System	REG	Regional Utility Projects
D&I	Diversity and Inclusion	SCADA	Supervisory Control and Data Acquisition
EPA	Environmental Protection Agency	SEW	Sewer Collection Project(s)
ERG	Employee Resource Group	SPS	Sewage Pumping Station Project(s)
ERU's	Equivalent Residential Units	UOSA	Upper Occoquan Service Authority
EUM	Effective Utility Management	USIO	Utility System Improvement Opportunity
FTE	Full-Time Equivalent	VCWRLF	Virginia Clean Water Revolving Loan Fund
FXX	Water Booster Pumping Station #XX	VEEP	Virginia Environmental Excellence Program
FY	Fiscal Year	VIBE	Voices, Inclusion, Belonging & Equity
FYXX	Fiscal Year 20XX	VRA	Virginia Resources Authority
I-66	Interstate Highway 66	VRS	Virginia Retirement System
IT	Information Technology Project(s)	WAT	Water Transmission Project(s)
KPI	Key Performance Indicator	WRF	Water Reclamation Facility Project(s)
LIHWAP	Low Income Household Water Assistance Program	WST	Water Storage Project(s)
MISC	Miscellaneous Project(s)	WSUP	Water Supply Project(s)
NACWA	National Association	XMOD	Experience Modification Rating
O&M	Operations & Maintenance	YTD	Year to Date