

# ANNUAL BUSINESS PLAN



PRINCE  
WILLIAM  
WATER

Your Water • Your Environment • Our Mission

FISCAL YEAR 2025



# Annual Business Plan

Fiscal Year 2025

Adopted: May 9, 2024

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FY25 Annual Business Plan

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FY25 Annual Business Plan

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The FY25 Annual Business Plan was developed in alignment with the Board of Directors' Vision and Prince William Water's (PW Water) 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 FY25 Annual Business Plan consists of the following:

**Section I Annual 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 expected to be active in FY25.

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



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# Annual Budget

## Section I



The FY25 Annual Business Plan considers the impact of several industry-wide challenges, such as:

- The need to replace aging infrastructure and meet new lead and copper regulations.
- Longer lead times and higher costs for supplies, services, and construction.
- The need to remain competitive in a tight market for people and contractors.

Annual Business Plan includes resources to:

- Continue protecting 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 11.1% from \$164.7 million to \$183.0 million. Revenue from User Charges & Fees is up based on FY24 consumption trends, 2.0% account growth, adopted rate increases, and proposed additional rate increases to meet higher capital and operating costs. Revenue from Developer Charges is up 17.7% based on higher growth of 1,500 Equivalent Residential Units (ERUs), up from 1,300 in FY24, and Board-adopted availability fee increases (see page 9).
- Total operating expenses are projected at \$127.0 million, representing a \$10.4 million or 8.9% increase. The budget reflects increases in most categories, primarily due to higher wholesale water and wastewater treatment costs, personnel and other costs for technology transformation, higher operating supplies and chemical prices, and employee development (see page 9).
- Fund balances are projected to be within target ranges (see page 13); however, uses of funds (expenditures) exceed sources of funds (revenue) in FY25 due to higher capital spending and higher operating costs. This will reduce cash reserves in FY25 by an estimated \$20.5 million. The Capital Improvement Program (CIP) is budgeted at \$161.0 million for FY25, which consists of \$91.5 million in debt-funded projects and \$69.6 million in cash-funded projects (see page 22). New debt issuance is planned for FY25.

**Table 1 - Operating Budget - All Funds**

Description	FY24 Request	FY25 Request	Difference	Percent Change	Notes
<u>Revenue</u>					
R1 User Charges & Fees	\$ 133,464,500	<b>\$ 142,335,000</b>	\$ 8,870,500	6.6%	<i>Includes previously adopted rates and growth.</i>
Additional Rate Increases (Proposed)		<b>2,957,000</b>	2,957,000	N/A	<i>Recommended increases effective January 1, 2025.</i>
R2 Developer Charges	22,223,000	<b>26,167,000</b>	3,944,000	17.7%	<i>Assumes 1,500 ERU's and adopted fees.</i>
R3 Interest Income	8,056,000	<b>10,563,000</b>	2,507,000	31.1%	<i>Based on projected FY25 fund balances and interest rates.</i>
R4 Antenna Lease	950,000	<b>950,000</b>	-	0.0%	
<b>Total Revenue</b>	<b>\$ 164,693,500</b>	<b>\$ 182,972,000</b>	<b>\$ 18,278,500</b>	<b>11.1%</b>	
<u>Expenses</u>					
E1 People & Talent	\$ 46,846,100	<b>\$ 50,312,500</b>	\$ 3,466,400	7.4%	<i>6.5% merit pool and a small increase in staffing.</i>
E2 Purchased Resources	36,799,500	<b>42,738,000</b>	5,938,500	16.1%	<i>Based on projected water and wastewater volumes and cost estimates from wholesale providers</i>
E3 Material & Supplies	7,692,800	<b>8,469,300</b>	776,500	10.1%	<i>Higher supply costs for operating supplies and chemicals.</i>
E4 Utilities	6,080,000	<b>6,090,000</b>	10,000	0.2%	
E5 Contractual Services	16,050,500	<b>16,493,100</b>	442,600	2.8%	
E6 Other Expenses	2,813,200	<b>2,553,500</b>	(259,700)	-9.2%	<i>Reduction in rent expenses for leased office space. Partially offset by increased warehouse space rental.</i>
E7 Contingency	300,000	<b>300,000</b>	-	0.0%	
<b>Total Expenses</b>	<b>\$ 116,582,100</b>	<b>\$ 126,956,400</b>	<b>\$ 10,374,300</b>	<b>8.9%</b>	<i>See notes above for E1, E2, E3 &amp; E6</i>
<b>Net Revenue</b>	<b>\$ 48,111,400</b>	<b>\$ 56,015,600</b>	<b>7,904,200</b>	<b>16.4%</b>	

For Budgeted Debt Service - See page 12.

For Projected Cash Flow and Fund Balances - See page 13.

For Budgeted Capital Improvement Program - See pages 22 - 25.

### REVENUES

R1	Revenue from User Charges & Fees reflects an 8.9% increase consisting of 2% projected growth, the previously adopted rate increase (\$8.9 million), and an additional adopted user rate increase (\$3.0 million).
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 increased by \$3.9 million, or 17.7% due to a projected increase in growth from 1,300 to 1,500 Equivalent Residential Units (ERUs) and adopted Availability Fee increases.
R3	Interest Income is expected to increase \$2.5 million to \$10.6 million. A decline in the projected FY25 fund balances is offset by a higher rate of return on the investment portfolio.
R4	Other revenue, which consists of revenue from antenna leases, is projected to remain flat.

### EXPENSES

E1	<p>People and Talent expenses are projected to increase by \$3.5 million or 7.4% and reflect the following:</p> <ul style="list-style-type: none"> <li>■ An increase to salaries and wages of \$2.7 million or 7.6% based on: <ul style="list-style-type: none"> <li>▪ A projected average staffing level of 366 FTEs, up 4 FTEs, and an assumed vacancy rate of 7.0%.</li> <li>▪ A performance pay pool of \$2.2 million (Operating and Capital Budget impact) is requested to recognize performance and retain staff. This includes base pay increases and one-time payments, both based on employee performance.</li> </ul> </li> <li>■ An increase to Fringe Benefits of \$803,100 or 6.9%, which reflects: <ul style="list-style-type: none"> <li>▪ Increases for workers' compensation, VRS, and deferred compensation, based on wages.</li> <li>▪ A modest increase in health insurance expense, reflecting current and projected enrollments. Employee premiums for self-insured plans will experience a 2.0% increase. The fully insured plan will increase by 5.8%. The employer portion will cover by remainder of self-insured healthcare costs in FY25, in lieu of a fixed 80/20% split of the enhanced plan cost.</li> </ul> </li> </ul>
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## EXPENSES

E2	<p>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. The Purchased Resources budget is based on available data from wholesale providers, PW Water usage estimates, expected capital execution, and other factors. Variations from estimates can have a significant impact on actual Purchased Resources costs and, in unusual circumstances, require a supplemental budget request.</p> <p>Purchased Resources are up \$5.9 million or 16.1% from FY24. Projected FY24 water costs are significantly above the budget due to heavy capital replacement spending by Fairfax Water, which will continue in FY25. FY24 sewer costs are also over budget due to a UOSA FY24 Budget amendment that increased personnel costs, and higher power, and chemicals costs. Higher sewer costs will also continue in FY25.</p>
E3	<p>Materials &amp; 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 \$776,500 or 10.1% is due to higher chemical costs (Ferric Chloride, Methanol, and Polymer), lab supplies, tools, water and sewer line supplies for repairs and maintenance. Higher supply costs for operating supplies and chemicals are the primary factors in increased costs.</p>
E4	<p>Utility costs are projected to remain flat with an increase of less than 1%.</p>
E5	<p>Contractual Services consist of recurring and on-demand contracts such as security, sewer condition assessments, janitorial services, invoice printing &amp; mailing, cybersecurity monitoring services, hardware/software development, legal, and maintenance/support contracts. The Contractual Services budget increased by \$442,600 or 2.8% primarily due to technology improvements and the need to comply with federal lead and copper inventory rule requirements.</p>
E6	<p>Other Expenses include training, insurance, rent, bad debt, and other miscellaneous expenses. The decrease is primarily due to a net decrease in leased office space offset by an increase in leased warehouse space to accommodate the Mooney inventory requirements.</p>

**Table 2 - FY25 Plan of Finance**

Debt Service Type	Total Existing Debt Service			FY25 Debt Service		
	Principal	Interest	Total Payment	Principal	Interest	Total Payment
Prince William Water Bonds	\$ 39,295,000	\$ 6,438,154	\$ 45,733,154	\$ 3,705,000	\$ 1,168,594	\$ 4,873,594
Virginia Resources Authority (VRA)	29,630,656	2,347,962	31,978,618	\$ 5,752,581	\$ 736,172	\$ 6,488,753
UOSA	158,066,332	54,944,172	213,010,504	\$ 8,485,368	\$ 4,502,613	\$ 12,987,981
<b>Total Debt Service</b>	<b>226,991,988</b>	<b>63,730,287</b>	<b>290,722,275</b>	<b>\$ 17,942,949</b>	<b>\$ 6,407,379</b>	<b>\$ 24,350,328</b>

- Debt service for FY25 is projected at \$24.4 million based on current debt service schedules:
  - Debt service on PW Water bonds is projected at \$4.9 million in FY25. This represents debt issued to finance purchased water capacity from Fairfax Water and the construction of the Linton Hall SPS.
  - VRA debt service totals \$6.5 million in FY25 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). PW Water has secured a total of \$120 million in VCWRLF funding to finance CIP project WRF-138 Facility Wide Improvements - Design-Build capital project.
  - UOSA debt service is estimated at \$13.0 million in FY25 and represents PW Water'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.
  - PW Water plans to seek additional VCWRLF or private financing to complete the H.L. Mooney AWRF improvements and to finance a portion of PW Water's sewage pumping station capital program.

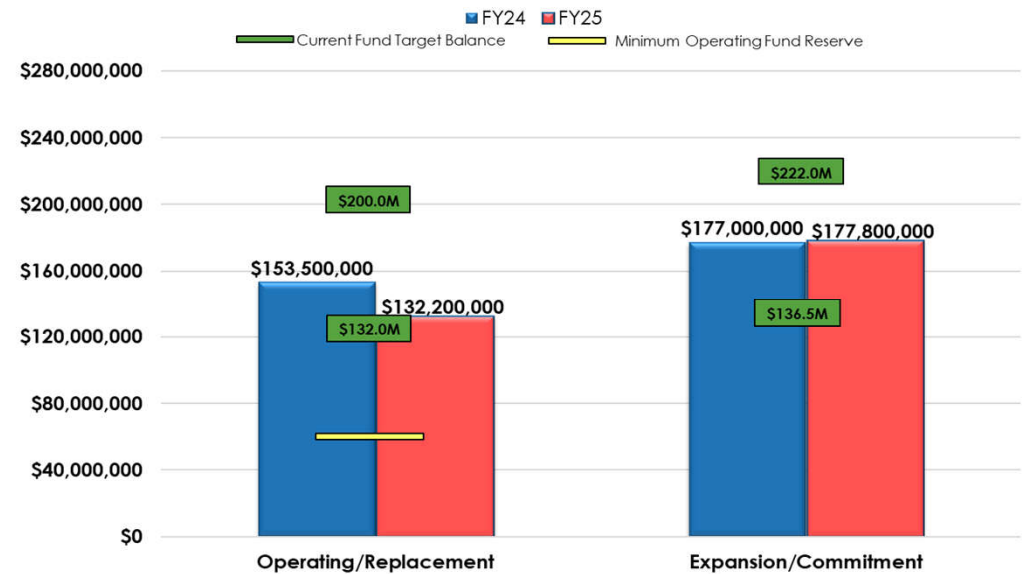
**Table 3 - Sources & Uses (in Millions)**

Serving	Operating/ Replacement	Expansion/ Commitment	All Funds
	Existing Customers	New Customers	
<b>Sources of Funds</b>			
User Charges	\$145.3	\$26.2	\$171.5
Other Operating Revenue	1.0	-	1.0
Interest Income	4.6	6.0	10.6
<b>Projected Source of Funds</b>	<b>\$150.9</b>	<b>\$32.1</b>	<b>\$183.0</b>
<b>Uses of Funds</b>			
People & Talent	\$46.0	\$4.3	\$50.3
Purchased Resources	42.1	0.7	42.7
Other	32.3	1.6	33.9
<b>Total Expenses</b>	<b>\$120.4</b>	<b>\$6.6</b>	<b>\$127.0</b>
<b>Net Revenue</b>	<b>\$30.5</b>	<b>\$25.6</b>	<b>\$56.0</b>
Debt Service	\$10.9	\$13.5	\$24.4
Cash-Funded Capital <sup>1</sup>	41.0	11.2	52.2
<b>Projected Use of Funds</b>	<b>\$172.3</b>	<b>\$31.2</b>	<b>\$203.5</b>
<b>Net Change</b>	<b>(\$21.4)</b>	<b>\$0.9</b>	<b>(\$20.5)</b>
Debt-Funded Projects	\$63.9	\$27.6	\$91.5

<sup>1</sup> The Service Authority projects cash-funded CIP spending of \$69.6M with an estimated 75% execution. Debt-funded CIP spending is shown above but does not impact projected fund balances.

**PW Water 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.

- PW Water 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). PW Water’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 allow a utility to weather uncertain times. Target balance ranges are set to ensure funding is available to address infrastructure repairs and replacement needs promptly.

As of April 1, 2024

<b>Table 4 - User Rate Comparison</b>		
<b>Jurisdiction</b>	<b>Avg. Use - 5 TGALS</b>	
Fauquier <sup>2</sup>	\$	145.16
City of Manassas Park	\$	100.93
Virginia Average <sup>1</sup>	\$	92.04
Virginia American <sup>2</sup>	\$	91.47
Stafford County	\$	88.68
City of Manassas	\$	86.32
Fairfax Water/County	\$	85.03
<b>PW Water (Proposed 1/1/2025)</b>	<b>\$</b>	<b>81.55</b>
<b>PW Water<sup>3</sup></b>	<b>\$</b>	<b>74.35</b>
Loudoun Water	\$	70.25

<sup>1</sup> Average monthly water and sewer rates in Virginia (Draper Aden Survey 2023)

<sup>2</sup> Proposed 2024 Rate increases pending and not included in table.

<sup>3</sup> Average monthly residential bill as of Jan. 1, 2025, will be \$81.55 based on recommended rates.

- EPA's affordability standard classifies PW Water rates as "Low Burden," the most affordable designation.
- PW Water's long-term financial planning approach provides capital to support needed investments in the system while maintaining 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	FY24 Request	<b>FY25 Request</b>	Difference	Percent Change
<u>Operating Revenues</u>				
Sale of Service	\$ 96,589,600	<b>\$ 105,259,000</b>	\$ 8,669,400	9.0%
Peak Use & High Demand Charge	5,476,200	<b>5,837,000</b>	360,800	6.6%
Service Charge	28,643,700	<b>31,138,000</b>	2,494,300	8.7%
Other Operating Revenue	2,755,000	<b>3,068,000</b>	313,000	11.4%
Total Operating Revenue	\$ 133,464,500	<b>\$ 145,302,000</b>	\$ 11,837,500	8.9%
<u>Non-Operating Revenues</u>				
Interest Income	\$ 4,417,000	<b>\$ 4,613,000</b>	\$ 196,000	4.4%
Property Rental	950,000	<b>950,000</b>	-	0.0%
Total Non-Operating	\$ 5,367,000	<b>\$ 5,563,000</b>	\$ 196,000	3.7%
Total Revenue	\$ 138,831,500	<b>\$ 150,865,000</b>	\$ 12,033,500	8.7%



Table 6 - Operating &amp; Replacement Fund Expenses

Description	FY24 Request	FY25 Request	Difference	Percent Change
<u>Expenses</u>				
Salaries & Wages	\$ 31,870,100	<b>\$ 34,574,300</b>	\$ 2,704,200	8.5%
Fringe Benefits	10,671,000	<b>11,445,700</b>	774,700	7.3%
Purchased Water	19,208,000	<b>22,669,000</b>	3,461,000	18.0%
Purchased Sewer	16,533,500	<b>18,873,000</b>	2,339,500	14.2%
Purchased Trash	390,000	<b>528,000</b>	138,000	35.4%
Utilities	6,080,000	<b>6,090,000</b>	10,000	0.2%
Insurance	658,000	<b>694,200</b>	36,200	5.5%
Contractual Services	9,576,850	<b>10,311,900</b>	735,050	7.7%
Repairs & Maintenance	4,793,150	<b>4,930,200</b>	137,050	2.9%
Material & Supplies	7,615,900	<b>8,333,000</b>	717,100	9.4%
Rent, Training, Travel, Other	1,753,250	<b>1,456,700</b>	(296,550)	-16.9%
Contingency	-	<b>100,000</b>	100,000	N/A
Other Non-Operating	400,000	<b>400,000</b>	-	0.0%
<b>Total Expenses</b>	<b>\$ 109,549,750</b>	<b>\$ 120,406,000</b>	<b>\$ 10,856,250</b>	<b>9.9%</b>

Table 7 - Expansion &amp; Commitment Fund Budget

Description	FY24 Request	FY25 Request	Difference	Percent Change
<u>Operating Revenues</u>				
Availability Fees & Developer Charge:	22,223,000	<b>26,167,000</b>	3,944,000	17.7%
<b>Total Operating Revenue</b>	<b>\$ 22,223,000</b>	<b>\$ 26,167,000</b>	<b>\$ 3,944,000</b>	<b>17.7%</b>
<u>Non-Operating Revenues</u>				
Interest Income	3,639,000	<b>5,950,000</b>	2,311,000	63.5%
<b>Total Non-Operating</b>	<b>\$ 3,639,000</b>	<b>\$ 5,950,000</b>	<b>\$ 2,311,000</b>	<b>63.5%</b>
<b>Total Revenue</b>	<b>\$ 25,862,000</b>	<b>\$ 32,117,000</b>	<b>\$ 6,255,000</b>	<b>24.2%</b>
<u>Expenses</u>				
Salaries & Wages	\$ 3,314,400	<b>\$ 3,273,500</b>	\$ (40,900)	-1.2%
Fringe Benefits	990,600	<b>1,019,000</b>	28,400	2.9%
Purchased Water	668,000	<b>668,000</b>	-	0.0%
Contractual Services	1,397,000	<b>1,222,500</b>	(174,500)	-12.5%
Repairs & Maintenance	23,500	<b>28,500</b>	5,000	21.3%
Material & Supplies	76,900	<b>136,300</b>	59,400	77.2%
Rent, Training, Travel, Other	1,950	<b>2,600</b>	650	33.3%
Contingency	200,000	<b>200,000</b>	-	0.0%
<b>Total Expenses</b>	<b>\$ 6,672,350</b>	<b>\$ 6,550,400</b>	<b>(121,950)</b>	<b>-1.8%</b>

**Table 8 - Operating Fund Transfer Estimates**

<b>Description</b>	<b>Amount</b>	
Operating Fund as of June 30, 2024	\$	80.9
<b>Transfer on July 1, 2024</b>	<b>\$</b>	<b>(20.7)</b>
<b>FY'25 Starting Fund Balance</b>	<b>\$</b>	<b>60.2</b>
FY'25 Operating Revenue (Cash Basis)	\$	148.1
FY'25 Operating Expenditures (Cash Basis)	\$	(123.1)
<b>FY'25 Ending Fund Balance</b>	<b>\$</b>	<b>85.1</b>
50% of Projected FY26 Operating Budget*	\$	64.6
<b>Transfer on July 1, 2025</b>	<b>\$</b>	<b>20.5</b>

\*Assumes a 5% increase

PW Water 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 PW Water's Mission. Our 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. PW Water'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.



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# Capital Budget

## Section II

**Table 9 - Capital Improvement Program**

<b>All Projects</b>	FY25	FY26	FY27	FY28	FY29
Water Supply Projects (WSUP)	\$ 7,800,000	\$ 10,300,000	\$ 10,364,000	\$ 5,050,000	\$ 5,321,000
Water Storage Projects (WST)	4,265,000	2,500,000	2,550,000	4,195,000	3,330,000
Water Transmission Projects (WAT)	6,216,000	4,625,000	3,708,000	7,772,000	7,500,000
Sewage Pumping Station Projects (SPS)	22,200,000	33,818,000	55,535,000	38,031,000	21,042,000
Sewer Collection Projects (SEW)	4,466,000	2,427,000	1,000,000	1,000,000	1,000,000
Water Reclamation Facility Projects (WRF)	85,017,000	65,575,000	31,900,000	8,159,000	2,900,000
Miscellaneous Projects (MISC)	18,792,000	18,475,000	24,186,000	30,020,000	19,860,000
Information Technology Projects (IT)	9,286,000	10,131,000	7,233,000	2,375,000	150,000
Regional Utility Projects (REG)	3,000,000	1,500,000	1,500,000	8,000,000	24,400,000
<b>Total CIP Budget</b>	<b>1) \$ 161,042,000</b>	<b>\$ 149,351,000</b>	<b>\$ 137,976,000</b>	<b>\$ 104,602,000</b>	<b>\$ 85,503,000</b>
<b>Total Cash Projects included above</b>	<b>2) \$ 69,590,000</b>	<b>\$ 66,981,000</b>	<b>\$ 68,638,000</b>	<b>\$ 68,162,000</b>	<b>\$ 56,812,000</b>
<b>Total Bonded Projects included above</b>	<b>3) \$ 91,452,000</b>	<b>\$ 82,370,000</b>	<b>\$ 69,338,000</b>	<b>\$ 36,440,000</b>	<b>\$ 28,691,000</b>

- 1) Spending on capital projects is budgeted at \$161.0 million in FY25. The table above summarizes capital projects by asset type. The individual project names, CIP project numbers, and budgets are itemized in Table 9A (see pages 23, 24, and 25). The Board of Directors must approve contracts greater than \$500,000 per the PW Water 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 the \$161.0 million spending limit authorized in the FY25 Annual Business Plan.
- 2) The FY25 CIP also includes \$69.6 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, other jurisdictions, and other entities, which can result in variations in project schedules and spending. The FY25 Annual Business Plan assumes a 75% execution rate (\$52.2 million) for cash-funded projects.
- 3) Debt funding (WRF-138 and a portion of the SPS program) of capital spending in FY25 totals \$91.5 million.

**Table 9A - FY25 Capital Improvement Program (Schedule A)**

<b>CIP#</b>	<b>Project Name</b>	<b>Project Budget</b>	<b>FY25 CIP</b>
WSUP-103	Water Meter Vault Improvements	625,000	125,000
WSUP-105	Montclair/Four Seasons Water System Improvements	14,491,000	500,000
WSUP-111	Bull Run Mountain Well Upgrades	5,278,000	250,000
WSUP-114	Capital Meter Program	9,625,000	1,925,000
WSUP-116	Unity Reed Booster Pumping Station, F14 and Discharge Main	15,666,000	4,500,000
WSUP-119	Hoadly Booster Pumping Station, F05 and Discharge Main (New)	3,500,000	500,000
WST-110	Water Storage Tank Rehabilitation Program	9,250,000	2,750,000
WST-111	Tank Re-Chlorination Program	5,290,000	1,215,000
WST-112	Tank Site Property Acquisition (3 sites) (New)	2,300,000	300,000
WAT-115	Dawkins Branch Transmission Main	16,280,000	250,000
WAT-181	Route 1 Transmission Main - Phase 1	13,124,000	733,000
WAT-182	Route 1 Transmission Main - Phase 2	11,733,000	733,000
WAT-184	Sudley Road Water Main - Phase 3	1,555,000	1,000,000
WAT-200	Water Distribution Asset Replacement Program	12,300,000	3,500,000
SEW-106	Dumfries Force Main and Water Main	4,881,000	733,000
SEW-157	Sudley Road Sewer Main	5,963,000	733,000
SEW-158	I-66 Rest Area Sewer Main	3,201,000	1,500,000
SEW-200	Sewer Collection Rehabilitation & Replacement Program	5,500,000	1,500,000
SPS-100	Generator Replacement Program	4,786,000	1,150,000
SPS-107	Occoquan Forest Sewage Pumping Stations, OQL36 & OQL37	6,382,000	100,000



**Table 9A - FY25 Capital Improvement Program (Schedule A)**

<b>CIP#</b>	<b>Project Name</b>	<b>Project Budget</b>	<b>FY25 CIP</b>
SPS-108	Nokesville Sewage Pumping Station, L20	2,818,000	100,000
SPS-112	Graham Park Sewage Pumping Station, L13	4,794,000	300,000
SPS-113	Heritage Hunt Sewage Pumping Station, L52 and Force Main	44,013,000	6,000,000
SPS-115	Belmont Sewage Pumping Station, L17 and Force Main	17,838,000	4,000,000
SPS-116	Hornbaker Sewage Pumping Station, L06 and Force Main	4,367,000	500,000
SPS-118	Koon's Sewage Pumping Station, L28	5,608,000	1,250,000
SPS-123	Spinnaker Court Sewage Pumping Station, L02 and Force Main	6,955,000	2,500,000
SPS-125	Occoquan Creek Sewage Pumping Station, L04 and Gravity Main	15,906,000	1,700,000
SPS-134	Hooes Run Sewage Pumping Station, L01 and Force Main	27,245,000	1,300,000
SPS-135	Yorkshire Sewage Pumping Station, L30 and Force Main	10,496,000	400,000
SPS-136	Melrose Sewage Pumping Station, L10	8,507,000	300,000
SPS-137	Dawson Landing Sewage Pumping Station, L51	6,794,000	400,000
SPS-138	Powell's Creek Sewage Pumping Station, L08 and Force Main	34,461,000	1,200,000
SPS-142	Featherstone Sewage Pumping Station, L16 and Force Main	40,468,000	1,000,000
WRF-123	Ongoing Renewal and Replacement	7,310,000	750,000
WRF-131	FBI and Solids Building Repairs and Modifications	7,014,000	150,000
WRF-134	Bioreactor Basin Improvements	6,287,000	615,000
WRF-138	Facility Wide Improvements - Design-Build Project	210,727,000	83,252,000
WRF-141	Grubbs Building and H2O Lab Improvements	450,000	100,000
WRF-142	Solids Resiliency (FBI Back-Up)	50,800,000	150,000

**Table 9A - FY25 Capital Improvement Program (Schedule A)**

<b>CIP#</b>	<b>Project Name</b>	<b>Project Budget</b>	<b>FY25 CIP</b>
MISC-100	Water and Sewer Utility System Improvement Opportunity (USIO)	6,500,000	1,300,000
MISC-101	Water & Sewer Facility Security Enhancements	1,165,000	165,000
MISC-102	Wellington Road Operations Center Expansion	16,781,000	5,000,000
MISC-103	Facility Renewals and Upgrades	2,345,000	345,000
MISC-114	System Wide Master Plan	1,260,000	75,000
MISC-116	Dumfries Road Maintenance Facility	50,070,000	1,600,000
MISC-117	Studies and PER's - Organization Wide	5,150,000	1,150,000
MISC-118	Nottoway Tank Site Development	865,000	115,000
MISC-200	Vehicle Replacement Program	7,907,000	2,142,000
MISC-201	Mechanical Equipment Replacement Program	10,545,000	2,700,000
MISC-202	Computer and Other Replacement Program	6,000,000	1,200,000
MISC-203	Major Facility Rehabilitation Program	27,432,000	3,000,000
IT-106	Cayenta - CIS	477,000	75,000
IT-107	Computerized Maintenance Management System (CMMS) Implementation	2,860,000	525,000
IT-110	Document Management System Implementation	2,200,000	300,000
IT-122	Project Management Information System (PMIS) Implementation	2,099,000	225,000
IT-126	SCADA System Upgrade	27,125,000	5,111,000
IT-128	Web Content Management System Migration	425,000	50,000
IT-129	Enterprise Resource Planning (ERP)	15,000,000	3,000,000
REG-1	Occoquan River Crossing	29,792,000	3,000,000
<b>Total CIP Budget</b>			<b>161,042,000</b>



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# Business Goals

## Section III



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## INTRODUCTION

This report provides Prince William Water 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 Water **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

Prince William Water 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  
& 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)	FY25 Benchmark	FY25 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%	100%

## Business Goals

- Advocate for the establishment of a permanent LIHWAP Program to help customers obtain payment assistance.
- Align all customer messaging with new branding and develop and disseminate key messaging regarding the value of water relative to price, infrastructure, reliability, taste, and quality of water.
- Update the Customer Handbook.
- Continue to refine the new website and mobile application.

# 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)	FY25 Benchmark	FY25 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 per year	24	≥24

### Business Goals

- Implement the VIBE Action Plan to include:
  - Establish new workforce development partnerships to attract a broader and diverse pool of qualified applicants.
  - Offer new learning opportunities related to diversity and inclusion.
- Revise and update career paths and associated learning requirements.
- Review and update current job classification architecture and data sources to enhance the ability to attract a broad and diverse pool of applicants and retain a high-performing workforce.



# 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)	FY25 Benchmark	FY25 Goal
NACWA Peak Performance Award (100% compliance)	Platinum	Platinum
Water Regulatory Compliance Rate	100%	100%
# of students taught	8,000	≥8,500
Teacher Satisfaction Rate	4.0	4.5
Community Outreach Index (EUM)	100%	100%
News releases issued	12	14
Submissions to industry publications	4	4

## Business Goals

- Participate in regional, state, and national industry partnerships, committees, working groups, and conferences, including the Prince William County Sustainability Commission and the new Occoquan Reservoir Task Force.
- Engage with regional and state partners on new PFAS regulations.
- Publish Lead and Copper inventory for customers in compliance with EPA guidelines.
- Host Water Art Invitational, Trick or Treatment, and Water Academy. Partner with various community groups to have a presence in the community.
- Create new educational and outreach content regarding the protection of our waterways. Design updated content for the Grubbs Environmental Educational Center.

# 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)	FY25 Benchmark	FY25 Goal
Notices of Violations or Consent Orders	0	0
Percent of Distribution System Samples Meeting Chlorine Residual Requirements	96%	≥ 96%
Average Operational Readiness	98%	≥98%
Average Water System Reliability	99.999%	≥99.99967%
Average SCADA Availability	98%	≥98%
Average Water Loss	9%	< 6%
Execution of Valve Exercising Plan	100%	100%
Average Inoperable Fire Hydrants	0.50%	≤0.50%
Execution of Sewer Line Maintenance and Rehabilitation Plan	100%	100%
Capital Project Execution Rate	65%	>75%
Wastewater Treatment Effectiveness Rate	100%	100%


## Business Goals

- Effectively maintain the reliability of the water and sewer systems through the implementation of the Capital Improvement Program.
  - Execute major construction activities for the Mooney Design Build project (WRF-138) while maintaining perfect compliance with its effluent permit requirements.
  - Execute projects for the new Major Facility Rehabilitation Program (MISC-203) to more efficiently rehabilitate facilities and increase their useful life.
  - See Section II for a full list of projects.
- Effectively maintain the water and sewer systems through preventative maintenance programs such as valve exercising, the inflow and infiltration program, the use of cured-in-place pipe, and closed-circuit TV inspections.
- Refresh and exercise emergency preparedness plans and response drills.



# 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)	FY25 Benchmark	FY25 Goal
Annual Independent Audit	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 (New EPA standard)	Low Burden Rating	Low Burden Rating

### Business Goals

- Seek additional VCWRLF and other financing to complete the H.L. Mooney AWRF improvements and finance a portion of PW Water’s sewage pumping station capital program.
- Continue to monitor interest rates and opportunities to achieve savings by refunding existing higher interest bonds.
- Propose rate increases to fund needed investments in critical infrastructure and maintain PW Water’s strong financial condition for financial resilience.
- Pursue an assessment of PW Water by the national Malcolm Baldrige Performance Excellence Program.



# 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)	FY25 Benchmark	FY25 Goal
Average Network Availability	99.5%	≥99.5%
Average Software Application Availability	99.5%	≥99.5%
Average Telecommunications Availability	99.5%	≥99.5%
SWaM Utilization	15%	>15%
Active SWaM Vendors	150	175

### Business Goals

- Procure and begin the design and implementation of a Financial Management and Customer Information System (FMS/CIS).
- Implement document management phase II – migrate files to SharePoint Online and assign data classification.
- Complete Phase II of SCADA operational reporting project.
- Transition organization emails from @pwcsa to @PWWater. Adjust all related software/single-sign on impacts.

<b>AOE</b>	<b>Areas of Excellence</b>	<b>NACWA</b>	<b>National Association of Clean Water Agencies</b>
<b>AWRF</b>	<b>Advanced Water Reclamation Facility</b>	<b>PER</b>	<b>Preliminary Engineering Report</b>
<b>AWWA</b>	<b>American Water Works Association</b>	<b>PFAS</b>	<b>Perfluoroalkyl or Polyfluoroalkyl Substances</b>
<b>AVAIL</b>	<b>Availability</b>	<b>PMIS</b>	<b>Project Management Information System</b>
<b>AVG</b>	<b>Average</b>	<b>PWCSA</b>	<b>Prince William County Service Authority</b>
<b>CIP</b>	<b>Capital Improvements Program</b>	<b>PW Water</b>	<b>Prince William Water</b>
<b>CIS</b>	<b>Customer Information System</b>	<b>REG</b>	<b>Regional Utility Projects</b>
<b>CMMS</b>	<b>Computerized Maintenance Management System</b>	<b>SCADA</b>	<b>Supervisory Control and Data Acquisition</b>
<b>EPA</b>	<b>Environmental Protection Agency</b>	<b>SEW</b>	<b>Sewer Collection Project(s)</b>
<b>ERP</b>	<b>Enterprise Resource Planning</b>	<b>SPS</b>	<b>Sewage Pumping Station Project(s)</b>
<b>ERU's</b>	<b>Equivalent Residential Units</b>	<b>SWAM</b>	<b>Small, Women and Minority-owned</b>
<b>EUM</b>	<b>Effective Utility Management</b>	<b>TGAL</b>	<b>Thousands of Gallons</b>
<b>FBI</b>	<b>Fluidized Bed Incinerator</b>	<b>UOSA</b>	<b>Upper Occoquan Service Authority</b>
<b>FMS</b>	<b>Financial Management System</b>	<b>USIO</b>	<b>Utility System Improvement Opportunity</b>
<b>FTE</b>	<b>Full-Time Equivalent</b>	<b>VCWRLF</b>	<b>Virginia Clean Water Revolving Loan Fund</b>
<b>FXX</b>	<b>Water Booster Pumping Station #XX</b>	<b>VIBE</b>	<b>Voices, Inclusion, Belonging &amp; Equity</b>
<b>FY</b>	<b>Fiscal Year</b>	<b>VRA</b>	<b>Virginia Resources Authority</b>
<b>FYXX</b>	<b>Fiscal Year 20XX</b>	<b>VRS</b>	<b>Virginia Retirement System</b>
<b>I-66</b>	<b>Interstate Highway 66</b>	<b>WAT</b>	<b>Water Transmission Project(s)</b>
<b>IT</b>	<b>Information Technology Project(s)</b>	<b>WRF</b>	<b>Water Reclamation Facility Project(s)</b>
<b>KPI</b>	<b>Key Performance Indicator</b>	<b>WST</b>	<b>Water Storage Project(s)</b>
<b>LIHWAP</b>	<b>Low Income Household Water Assistance Program</b>	<b>WSUP</b>	<b>Water Supply Project(s)</b>
<b>MISC</b>	<b>Miscellaneous Project(s)</b>	<b>XMOD</b>	<b>Experience Modification Rating</b>



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