

# ANNUAL BUSINESS PLAN



PRINCE  
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WATER

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FISCAL YEAR 2026





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FY26 Annual Business Plan

## Annual Business Plan

Fiscal Year 2026

Adopted May 8, 2025

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## FY26 Annual Business Plan

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## FY26 Annual Business Plan

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The FY26 Annual Business Plan was developed in alignment with the Board of Directors' Vision and Prince William Water's Strategic Plan. Staff collaborated to identify operating resource requirements, capital needs, and annual business and performance goals. These resource requirements were prioritized in discussions with staff and aligned with available resources to finalize the proposed Annual Business Plan.

The FY26 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 projected spending by fund for each capital project expected to be active in FY26.

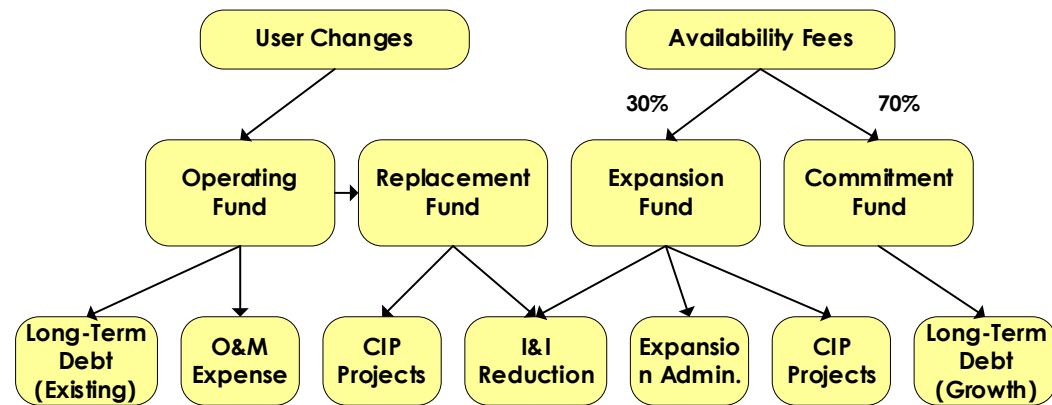
**Section III Business Goals** – This section includes key performance indicators and annual business goals by Area of Excellence.



Prince William Water segregates funds for increasing system capacity to accommodate new customers from the funds collected to pay for the cost of operation and renewal of the system for the benefit of existing customers. Prince William Water accomplishes this by tracking revenues and expenditures using a “four fund” structure. The four funds are named for the four areas on which the budget focuses: operations, expansion, commitment, and replacement. These funds and their uses are defined as follows:

- 1) Operating Fund (Fund 1): funded by user rates (monthly bill payments) and used to pay for daily operations.
- 2) Expansion Fund (Fund 2): funded by Availability Fees and other developer charges and is used to pay for development administration and capital projects that increase capacity for new customers.
- 3) Commitment Fund (Fund 3): funded by Availability Fees and used to pay debt service associated with large water and wastewater improvements to serve new growth.
- 4) Replacement Fund (Fund 4): funded annually by a transfer of excess balances in the Operating Fund and used to pay for capital replacement, rehabilitation, or facility upgrades that benefit existing customers.

### Prince William Water Flow of Funds





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FY26 Annual Business Plan

# Annual Budget

## Section I

The Annual Business Plan includes resources to:

- Continue to protect public health and safety (including cyber security).
- Make significant investments in critical infrastructure and technology enhancements.
- Attract and retain staff committed to making the business more efficient through the pursuit of performance excellence.

Staff considered many factors when developing the Annual Business Plan. Some financial and business impacts can not be forecasted, such as the impact from increasing regional competition in the construction market, or changes to government policies or regulations. However, staff are prepared to strategically adjust operations and spending, as necessary, in response to evolving market factors.

## Budget Highlights

- Total revenue is projected to increase by 12.8% from \$183.0 million to \$206.4 million. Revenue from User Charges is up \$10.9 million or 7.5% based on FY25 consumption trends and adopted rate increases. Revenue from Developer Charges is up \$12.0 million or 45.8%. Growth is projected at 2,000 Equivalent Residential Units (ERUs), up 500 units from FY25, due to higher projected industrial class certifications.
- Total operating expenses are projected at \$135.6 million, representing a \$8.7 million or 6.8% increase. The budget reflects increases in all categories, primarily due to higher wholesale water and wastewater treatment costs, technology transformation and cybersecurity, personnel, and chemicals.
- The Capital Improvement Program (CIP) is budgeted at \$182.7 million for FY26, which consists of \$130.5 million in debt-funded projects and \$52.2 million in cash-funded projects (see page 23).
- Fund balances are projected to be within target ranges at the beginning and end of the fiscal year (see page 15); however, uses of funds (expenditures) exceed sources of funds (revenue) in the Operating and Replacement Fund in FY26 by an estimated \$4.2 million due to prioritized capital spending and higher operating costs. Overall, sources of funds are estimated to exceed uses of funds in FY26, producing a modest positive cash flow of \$4.1 million.

Table 1 - Operating Budget - All Funds

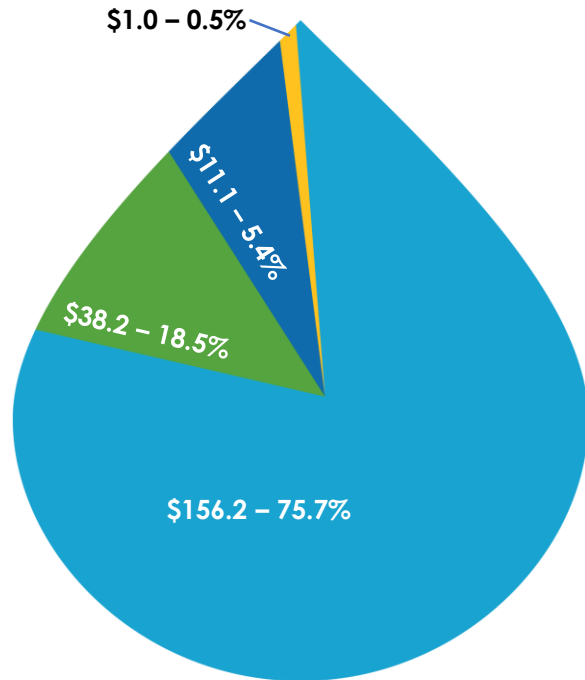
Description	FY25 Request	FY26 Request	Difference	Change	Notes
<u>Revenue</u>					
R1 User Charges & Fees	\$ 145,302,000	\$ 156,154,000	\$ 10,852,000	7.5%	Difference consists primarily of adopted rate increases and approx. 1% account growth.
R2 Developer Charges	26,167,000	38,161,500	11,994,500	45.8%	Assumes 2,000 ERU's and adopted fees (up from 1,500 ERUs in FY25).
R3 Interest Income	10,563,000	11,059,000	496,000	4.7%	Based on projected FY25 fund balances and interest rates.
R4 Antenna Lease	950,000	988,000	38,000	4.0%	Based on existing lease information.
Total Revenue	\$ 182,982,000	\$ 206,362,500	\$ 23,380,500	12.8%	
<u>Expenses</u>					
E1 People & Talent	\$ 50,312,500	\$ 51,594,600	\$ 1,282,100	2.5%	5% merit pool offset by a decrease in employer's VRS contribution rate.
E2 Purchased Resources	42,738,000	48,218,000	5,480,000	12.8%	Based on projected water and wastewater volumes and cost estimates from wholesale providers.
E3 Material & Supplies	8,469,300	9,013,000	543,700	6.4%	Higher supply costs primarily due to chemicals.
E4 Utilities	6,090,000	6,300,000	210,000	3.4%	Based on projected electricity, telephone, and wireless data costs.
E5 Contractual Services	16,493,100	17,413,200	920,100	5.6%	Increased primarily due to safety and cyber security.
E6 Other Expenses	2,553,500	2,723,200	169,700	6.6%	Increased primarily due to technical training and insurance.
E7 Contingency	300,000	350,000	50,000	16.7%	Contingency may be transferred between funds as needed.
Total Expenses	\$ 126,956,400	\$ 135,612,000	\$ 8,655,600	6.8%	
Net Revenue	\$ 56,025,600	\$ 70,750,500	14,724,900	26.3%	

For Budgeted Debt Service - See page 14.

For Projected Cash Flow and Fund Balances - See page 15.

For Budgeted Capital Improvement Program - See pages 23 - 25.

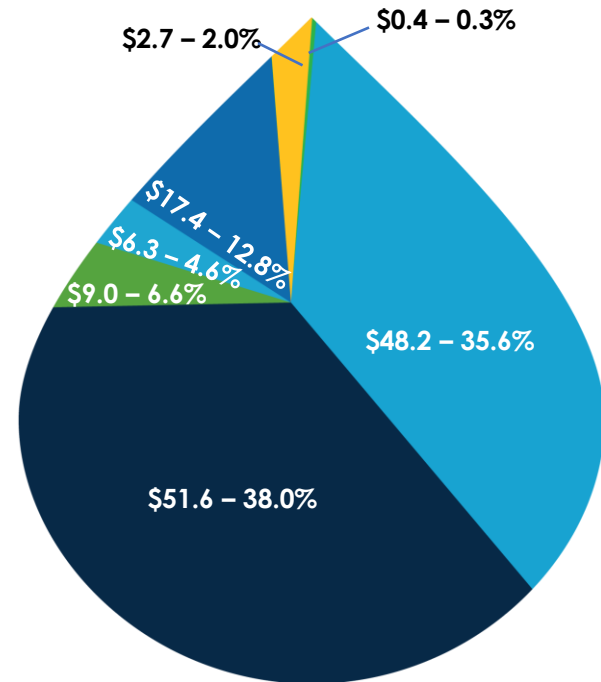
## REVENUE



Total Revenue - \$206,362,500

- User Changes and Fees
- Developer Charges
- Interest Income
- Antenna Lease

## EXPENSES



Total Expense - \$135,612,000

- People & Talent
- Purchased Resources
- Material & Supplies
- Utilities
- Contractual Services
- Other Expenses
- Contingency

## REVENUES

R1	Revenue from User Charges & Fees reflects a 7.5% increase, consisting of 1% projected growth and adopted user rate increases (\$10.9 million).
R2	Developer Charges authorize a customer to establish service and cover the pro-rata share of added system capacity and infrastructure. Revenue from Developer Charges increased by \$12.0 million, or 45.8%, due to a projected increase in growth from 1,500 to 2,000 ERUs and adopted availability fee increases.
R3	Interest Income is expected to increase \$0.5 million (to \$11.1 million) due to a slightly higher projected yield on investments.
R4	Revenue from antenna leases is projected to increase by 4.0%, consistent with rent increases in our agreements.

## EXPENSES

E1	<p>People and Talent expenses are projected to increase by \$1.3 million or 2.5% and reflect the following:</p> <ul style="list-style-type: none"> <li>■ An increase to salaries and wages of \$1.7 million or 4.4% based on: <ul style="list-style-type: none"> <li>▪ A projected average staffing level of 366 FTEs, unchanged from FY25, and an assumed vacancy rate of 6.0%.</li> <li>▪ A performance pay pool of \$2.0 million (Operating and Capital Budget impact) is requested to adjust salaries for inflation, recognize performance, and retain staff. This includes base pay increases and one-time payments, both based on employee performance.</li> </ul> </li> <li>■ A decrease to Fringe Benefits of \$383,400 or -3.1%, which reflects: <ul style="list-style-type: none"> <li>▪ A reduction in VRS and Group Life Insurance costs.</li> <li>▪ A modest increase in health insurance expense, reflecting current and projected enrollments. Premiums for self-insured plans will experience a 3.5% increase. The fully insured plan will increase by 5.5%.</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, Prince William Water usage estimates, expected capital execution, and other factors such as costs to meet regulatory requirements. 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 \$5.5 million, or 12.8%, from FY25. Projected FY25 water costs are higher due to planned heavy capital replacement spending in FY26 by Fairfax Water and the City of Manassas. FY26 sewer costs are also increasing for UOSA due to an increase in operations and maintenance costs and a projected increase in reserve maintenance costs.</p>
E3	<p>Materials &amp; Supplies include tools, small equipment, chemicals, parts and supplies, postage, uniforms, and other materials essential for day-to-day operations. An increase of \$543,700 or 6.4% is primarily due to higher chemical costs (Ferric Chloride, Methanol, and Polymer). Lab supplies, tools, water/sewer line supplies for repairs, building maintenance supplies, and safety equipment are also projected to increase modestly.</p>
E4	<p>Utility costs are projected to increase 3.4%.</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 \$920,100 or 5.6%, primarily due to higher technology maintenance costs as the organization moves from an owned license to a software as a service (SaaS) model.</p>
E6	<p>Other Expenses include training, insurance, rent, bad debt, and other miscellaneous expenses. The increase is primarily due to higher planned training and insurance costs.</p>

Table 2 - FY26 Plan of Finance

Debt Service Type	Total Outstanding Debt Service			FY26 Debt Service		
	Principal	Interest	Total Payment	Principal	Interest	Total Payment
Prince William Water Bonds	\$ 135,590,000	\$ 169,371,049	\$ 304,961,049	\$ 3,465,000	\$ 4,234,071	\$ 7,699,071
Virginia Resources Authority (VRA)	23,878,076	1,611,792	25,489,868	\$ 5,096,349	\$ 593,987	\$ 5,690,336
UOSA	148,139,012	39,655,120	187,794,132	\$ 11,588,369	\$ 1,747,523	\$ 13,335,892
<b>Total Debt Service</b>	<b>307,607,088</b>	<b>210,637,961</b>	<b>518,245,049</b>	<b>\$ 20,149,718</b>	<b>\$ 6,575,581</b>	<b>\$ 26,725,299</b>

- Debt service for FY26 is projected at \$26.7 million based on current debt service schedules:
  - Debt service on Prince William Water bonds is projected at \$7.7 million in FY26. This represents debt issued to finance purchased water capacity from Fairfax Water and the construction of the Linton Hall SPS. Prince William Water bonds include an estimate of debt service for a planned FY25 issuance of \$100 million to finance a portion of the planned capital projects funded by the Replacement Fund. See pages 24 -26 for details on planned financing.
  - VRA debt service totals \$5.7 million in FY26 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). Prince William Water has secured a total of \$170 million in VCWRLF funding to finance CIP project WRF-138 Facility Wide Improvements - Design-Build Project. Staff will seek additional VCWRLF funding in FY26.
  - UOSA debt service is estimated at \$13.3 million in FY26 and represents Prince William 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.

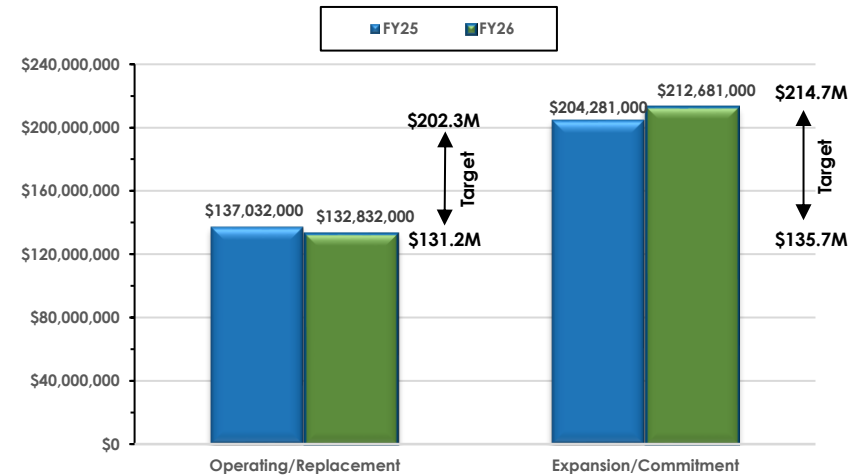
**Table 3 - Sources & Uses (in Millions)**

Serving	Operating/ Replacement Existing Customers	Expansion/ Commitment New Customers	All Funds
<b>Sources of Funds</b>			
User Charges	\$156.2	\$38.2	\$194.3
Other Operating Revenue	1.0	-	1.0
Interest Income	4.4	6.7	11.1
Projected Source of Funds	\$161.6	\$44.8	\$206.4
<b>Uses of Funds</b>			
People & Talent	\$47.4	\$4.2	\$51.6
Purchased Resources	47.6	0.7	48.2
Other	34.1	1.7	35.8
Total Expenses	\$129.1	\$6.5	\$135.6
Net Revenue	\$32.5	\$38.3	\$70.8
Debt Service	\$16.3	\$10.4	\$26.7
Cash-Funded Capital <sup>1</sup>	20.4	19.5	39.9
Projected Use of Funds	\$165.8	\$36.4	\$202.2
Net Change	(\$4.2)	\$8.4	\$4.1
Debt-Funded Projects	\$78.3	\$18.9	\$97.1

<sup>1</sup> Prince William Water projects cash-funded CIP spending of \$39.9M with an estimated 75% execution. Debt-funded CIP spending is shown above but does not impact projected fund balances.

**Prince William Water Fund Balances**

Projected as of June 30



**Fund Balance Minimum or Target Ranges**

- Operating:** Minimum of 6 months of the annual budget (\$64.32, million).
- 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.

- Prince William 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). Prince William 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 timely address infrastructure repairs and replacement needs.

As of July 1, 2025

**Table 4 - User Rate Comparison**

<b>Jurisdiction</b>	<b>Avg. Use - 5 TGALS</b>	
Fauquier County	\$	148.55
V A American/Dale Service	\$	120.48
City of Manassas Park	\$	103.98
Stafford County	\$	94.42
<b>Virginia Average (Draper Aden Survey)<sup>1</sup></b>	<b>\$</b>	<b>93.73</b>
City of Manassas	\$	92.66
Fairfax County	\$	89.86
Falls Church	\$	81.97
<b>Prince William Water</b>	<b>\$</b>	<b>81.55</b>
Loudoun Water	\$	75.18

<sup>1</sup> Latest survey data from 2023.

- EPA's affordability standard classifies Prince William Water rates as "Low Burden," the most affordable designation. Prince William Water's basic water cost is 1.4% of the Lowest Quintile Income (LQI), which is significantly below the EPA's Low Burden affordability threshold of 7% of LQI.
- Prince William Water's long-term financial planning approach provides capital to support needed system investments while maintaining affordability (utility bill as a percentage of LQI), service reliability, water quality, and public health and safety.

Table 5 - Operating &amp; Replacement Fund Revenue

Description	FY25 Request	FY26 Request	Difference	Percent Change
<u>Operating Revenues</u>				
Sale of Service	\$ 105,259,000	\$ 112,189,000	\$ 6,930,000	6.6%
Peak Use & High Demand Charges	5,837,000	6,711,000	874,000	15.0%
Service Charge	31,138,000	33,930,000	2,792,000	9.0%
Other Operating Revenue	3,068,000	3,324,000	256,000	8.3%
Total Operating Revenue	\$ 145,302,000	\$ 156,154,000	\$ 10,852,000	7.5%
<u>Non-Operating Revenues</u>				
Interest Income	\$ 4,613,000	\$ 4,409,000	\$ (204,000)	-4.4%
Property Rental	950,000	988,000	38,000	4.0%
Total Non-Operating	\$ 5,563,000	\$ 5,397,000	\$ (166,000)	-3.0%
Total Revenue	\$ 150,865,000	\$ 161,551,000	\$ 10,686,000	7.1%

Table 6 - Operating &amp; Replacement Fund Expenses

Description	FY25 Request	FY26 Request	Difference	Percent Change
<u>Expenses</u>				
Salaries & Wages	\$ 34,574,300	\$ 36,258,100	\$ 1,683,800	4.9%
Fringe Benefits	11,445,700	11,165,600	(280,100)	-2.4%
Purchased Water	22,669,000	26,286,000	3,617,000	16.0%
Purchased Sewer	18,873,000	20,689,000	1,816,000	9.6%
Purchased Trash	528,000	575,000	47,000	8.9%
Utilities	6,090,000	6,300,000	210,000	3.4%
Insurance	694,200	722,000	27,800	4.0%
Contractual Services	10,311,900	10,298,600	(13,300)	-0.1%
Repairs & Maintenance	4,930,200	5,769,100	838,900	17.0%
Material & Supplies	8,333,000	8,831,700	498,700	6.0%
Rent, Training, Travel, Other	1,456,700	1,597,800	141,100	9.7%
Contingency	100,000	200,000	100,000	100.0%
Other Non-Operating	400,000	400,000	-	0.0%
Total Expenses	\$ 120,406,000	\$ 129,092,900	\$ 8,686,900	7.2%

Table 7 - Expansion &amp; Commitment Fund Budget

Description	FY25 Request	FY26 Request	Difference	Percent Change
<u>Operating Revenues</u>				
Inspection & Other Fees	\$ 877,000	\$ 1,311,500	\$ 434,500	49.5%
Availability Fees	25,290,000	36,850,000	11,560,000	45.7%
Total Operating Revenue	\$ 26,167,000	\$ 38,161,500	\$ 11,994,500	45.8%
<u>Non-Operating Revenues</u>				
Interest Income	5,950,000	6,650,000	700,000	11.8%
Total Non-Operating	\$ 5,950,000	\$ 6,650,000	\$ 700,000	11.8%
Total Revenue	\$ 32,117,000	\$ 44,811,500	\$ 12,694,500	39.5%
<u>Expenses</u>				
Salaries & Wages	\$ 3,273,500	\$ 3,255,200	\$ (18,300)	-0.6%
Fringe Benefits	1,019,000	915,700	(103,300)	-10.1%
Purchased Water	668,000	668,000	-	0.0%
Contractual Services	1,222,500	1,317,000	94,500	7.7%
Repairs & Maintenance	28,500	28,500	-	0.0%
Material & Supplies	136,300	181,300	45,000	33.0%
Rent, Training, Travel, Other	2,600	3,400	800	30.8%
Contingency	200,000	150,000	(50,000)	-25.0%
Total Expenses	\$ 6,550,400	\$ 6,519,100	(31,300)	-0.5%

Table 8 - Operating Fund Transfer Estimates

Description	Amount
Operating Fund as of June 30, 2025	\$ 81.1
<b>Transfer on July 1, 2025</b>	<b>\$ (16.6)</b>
<b>FY'26 Starting Fund Balance</b>	<b>\$ 64.5</b>
FY25 Operating Revenue (Cash Basis)	\$ 159.8
FY25 Operating Expenditures (Cash Basis)	\$ (133.6)
<b>FY'26 Ending Fund Balance</b>	<b>\$ 90.7</b>
50% of Projected FY27 Operating Budget*	\$ 69.5
<b>Transfer on July 1, 2026</b>	<b>\$ 21.3</b>
* Assumes a 5% increase	

- Based on the proposed Annual Business Plan, Prince William Water projects a \$16.6 million transfer to the Replacement Fund in July 2025 and a \$21.3 million transfer in July 2026. Rates adopted by the Board of Directors help ensure that Prince William Water can meet its operating and debt service costs and make prioritized capital replacements.

Prince William 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 Prince William 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. Prince William 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. Fund balance projections are developed considering when funds are expected to be received and disbursed.



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# Capital Budget

## Section II

**Table 9 - Capital Improvement Program**

<b>All Projects</b>		FY26	FY27	FY28	FY29	FY30
Water Supply Projects (WSUP)		\$ 13,781,000	\$ 8,838,000	\$ 3,560,000	\$ 6,771,000	\$ 5,949,000
Water Storage Projects (WST)		3,989,000	4,125,000	5,012,000	5,024,000	3,967,000
Water Transmission Projects (WAT)		2,442,000	3,673,000	11,544,000	9,722,000	10,981,000
Sewage Pumping Station Projects (SPS)		34,896,000	60,906,000	79,779,000	76,785,000	69,692,000
Sewer Collection Projects (SEW)		4,409,000	1,200,000	1,200,000	1,200,000	1,200,000
Water Reclamation Facility Projects (WRF)		88,335,000	47,179,000	17,128,000	6,031,000	4,775,000
Miscellaneous Projects (MISC)		20,969,000	12,885,000	18,389,000	24,614,000	23,778,000
Information Technology Projects (IT)		13,130,000	7,846,000	9,202,000	6,720,000	678,000
Regional Utility Projects (REG)		750,000	10,564,000	32,698,000	35,698,000	16,275,000
<b>Total CIP Budget</b>	<b>1)</b>	<b>\$ 182,701,000</b>	<b>\$ 157,216,000</b>	<b>\$ 178,512,000</b>	<b>\$ 172,565,000</b>	<b>\$ 137,295,000</b>
<b>Total Cash Projects included above</b>	<b>2)</b>	<b>\$ 52,172,550</b>	<b>\$ 61,790,200</b>	<b>\$ 129,426,000</b>	<b>\$ 133,867,000</b>	<b>\$ 118,320,000</b>
<b>Total Bonded Projects included above</b>	<b>3)</b>	<b>\$ 130,528,450</b>	<b>\$ 95,425,800</b>	<b>\$ 49,086,000</b>	<b>\$ 38,698,000</b>	<b>\$ 18,975,000</b>

- 1) Spending on capital projects is budgeted at \$182.7 million in FY26. 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 24, 25, and 26). The Board of Directors must approve contracts greater than \$500,000 per the Prince William 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 overall spending limit authorized in the FY26 Annual Business Plan.
- 2) The FY26 CIP also includes \$52.2 million in projects funded from cash. Project timing is dependent on many factors, including easement acquisition, weather, and coordination with other project schedules, jurisdictions, and entities, which can result in variations in project schedules and spending. The FY26 Annual Business Plan assumes a 75% execution rate (\$39.9 million) for cash-funded projects.
- 3) Debt funding (WRF-138, regional projects, and a portion of planned capital replacement spending) totals \$130.5 million in FY26.

**Table 9A - FY26 Capital Improvement Program (Schedule A)**

CIP#	PROJECT NAME	PROJECT BUDGET	FY26 SPENDING		
			EXPANSION FUND	REPLACEMENT FUND	TOTAL
WSUP-103	Water Meter Vault Improvements	625,000	-	125,000	125,000
WSUP-111	* Bull Run Mountain Well Upgrades	6,504,000	192,900	1,736,100	1,929,000
WSUP-114	Capital Meter Program	10,731,000	404,200	1,616,800	2,021,000
WSUP-116	* Unity Reed BPS, F14 and Discharge Main	16,148,000	5,328,600	3,552,400	8,881,000
WSUP-119	* Hoadly BPS, F05 and Discharge Main	2,661,000	288,750	536,250	825,000
WST-110	* Water Storage Tank Rehab. Program	10,542,000	-	2,122,000	2,122,000
WST-111	* Tank Re-Chlorination Program	9,275,000	-	1,867,000	1,867,000
WAT-115	Dawkins Branch Transmission Main	16,274,000	154,200	102,800	257,000
WAT-181	* Route 1 Transmission Main - Phase 1	13,124,000	366,500	366,500	733,000
WAT-182	* Route 1 Transmission Main - Phase 2	11,733,000	366,500	366,500	733,000
WAT-184	Sudley Road Water Main - Phase 3	744,000	59,500	59,500	119,000
WAT-200	* Water Dist. Asset Replacement Program	17,886,000	-	600,000	600,000
SEW-158	* I-66 Rest Area Sewer Main	3,239,000	-	2,883,000	2,883,000
SEW-200	* Sewer Collection Rehab. & Repl. Program	6,326,000	-	1,526,000	1,526,000
SPS-100	Generator Replacement Program	5,736,000	-	1,450,000	1,450,000
SPS-113	* Heritage Hunt SPS, L52 and Force Main	48,081,000	1,505,500	1,505,500	3,011,000
SPS-115	* Belmont SPS, L17 and Force Main	22,836,000	3,677,100	8,579,900	12,257,000
SPS-118	* Koon's Sewage Pumping Station, L28	6,299,000	-	4,507,000	4,507,000
SPS-123	* Spinnaker Court Sewage Pumping Station, L02 and Force	5,941,000	-	4,507,000	4,507,000
SPS-125	* Occoquan Crk. SPS, L04 and Gravity Main	32,344,000	137,000	548,000	685,000
SPS-134	* Hooes Run SPS, L01 and Force Main	29,858,000	1,399,300	2,598,700	3,998,000
SPS-135	* Yorkshire SPS, L30 and Force Main	11,165,000	59,850	73,150	133,000
SPS-138	* Powell's Creek SPS, L08 and Force Main	49,601,000	1,640,500	1,640,500	3,281,000
SPS-142	* Featherstone SPS, L16 and Force Main	53,682,000	480,150	586,850	1,067,000
WRF-123	Ongoing Renewal and Replacement	7,480,000	732,300	1,708,700	2,441,000
WRF-131	* FBI and Solids Bldg. Repairs and Mods.	14,884,000	346,200	807,800	1,154,000
WRF-134	* Bioreactor Basin Improvements	136,028,000	221,700	517,300	739,000
WRF-138	† Facility Wide Improv. - Design-Build Proj.	207,769,000	24,932,400	58,175,600	83,108,000
WRF-140	Generator Dual Feed Switchgear	1,891,000	31,500	73,500	105,000
WRF-141	Grubbs Building and H2O Lab Improvements	1,628,000	141,900	331,100	473,000

**Table 9A - FY26 Capital Improvement Program (Schedule A)**

CIP#	PROJECT NAME	PROJECT BUDGET	FY26 SPENDING		
			EXPANSION FUND	REPLACEMENT FUND	TOTAL
WRF-142	Solids Resiliency (FBI Back-Up)	54,127,000	94,500	220,500	315,000
MISC-100	Water and Sewer Utility System Improvement Opportunity	6,500,000	650,000	650,000	1,300,000
MISC-101	Water & Sewer Facility Security Enhancements	1,806,000	-	296,000	296,000
MISC-102 *	Wellington Road Ops. Center Expansion	14,695,000	3,527,000	3,527,000	7,054,000
MISC-103	Facility Renewals and Upgrades	863,000	-	150,000	150,000
MISC-116	Dumfries Road Maintenance Facility	56,280,000	716,000	716,000	1,432,000
MISC-117	Studies and PER's - Organization Wide	5,547,000	543,500	543,500	1,087,000
MISC-118	Nottoway Tank Site Development	1,693,000	440,500	440,500	881,000
MISC-200	Vehicle Replacement Program	5,631,000	-	2,018,000	2,018,000
MISC-201	Mechanical Equipment Replacement Program	9,927,000	-	3,607,000	3,607,000
MISC-202	Computer and Other Replacement Program	5,800,000	-	1,232,000	1,232,000
MISC-203	Major Facility Rehabilitation Program	12,749,000	-	1,912,000	1,912,000
IT-106	Cayenta - CIS	450,000	125,000	125,000	250,000
IT-107	Computerized Maintenance Management System (CMMS)	2,926,000	-	848,000	848,000
IT-110	Document Management System	2,520,000	151,200	352,800	504,000
IT-118	System Integration	1,900,000	30,000	70,000	100,000
IT-121	Asset Management Analytics	475,000	45,000	105,000	150,000
IT-125	Network Security Upgrades	120,000	36,000	84,000	120,000
IT-126	SCADA System Upgrade	18,535,000	-	4,263,000	4,263,000
IT-128	Web Content Management System Migration	547,000	16,500	38,500	55,000
IT-129	Enterprise Resource Planning (ERP)	25,000,000	1,770,000	4,130,000	5,900,000
IT-130	Data Mart	1,200,000	120,000	280,000	400,000
IT-133	SCADA Equipment Annual Replacement	1,800,000	102,000	238,000	340,000
IT-134	Emerging Technology Implementations	1,000,000	60,000	140,000	200,000
REG-2 +	UOSA Expansion - Project 60	57,500,000	150,000	350,000	500,000
REG-3	Braddock Road West W/M (FW)	42,260,000	100,000	150,000	250,000
<b>Total CIP Budget</b>			<b>51,143,750</b>	<b>131,557,250</b>	<b>182,701,000</b>

\* Replacement Fund portion of project financed by proceeds of municipal bonds Series 2025.

+ Project financed using proceeds from VCWRLF loan.

+ Financed by regional partners.



PRINCE WILLIAM WATER

Your Water • Your Environment • Our Mission

# Business Goals

## Section III

## INTRODUCTION

This section provides Prince William Water business goals, which are major projects, goals and key performance indicators (KPIs) that have a significant impact on our Mission, customers, the community or the workforce. Business goals and KPIs are aligned with the Prince William Water'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)





## KPI/BENCHMARK AND GOAL SETTING

A critical element of executing any strategic plan is creating objectives and measuring key results. Prince William Water's Board of Directors adopted the **Prince William Water Board of Directors' Vision** which identifies Areas of Excellence (AOE) that drive our organization's strategy. The General Manager executes the **Strategic Plan** by achieving specific actions and measurable results that represent high performance in each AOE. Each year, key performance indicators and goals are set in the **Annual Business Plan** to continue to pursue excellence. Performance is tracked throughout the year and reported at designated intervals.

The FY26 ABP includes 36 key performance indicators (KPIs) organized by AOE. KPIs show concrete results that represent performance excellence in our industry and focus on key customer requirements of high-quality, reliable, and affordable water and wastewater service.

The ABP includes benchmarks that represent Prince William Water's published standard for high performance. Benchmarks are taken from common industry measures and are used to compare results to other high-performing utilities in the industry. We compare our performance to the top quartile in the AWWA Benchmarking Survey, which is an industry-standard for comparing and measuring high performance. Where there is no applicable AWWA survey result, Prince William Water seeks other sources to compare performance and set benchmarks. Where the measure is unique to Prince William Water but important to our customers and stakeholders, past performance helps set the benchmark.

Prince William Water sets annual KPI goals that meet or exceed the benchmark. After nearly 15 years of formal benchmarking and goal setting, Prince William Water has been recognized as an industry leader in many AOE's. High performance is achieved when goals and benchmarks align and are achieved or exceeded. Although high performance may be achieved in many areas, setting goals and measuring performance is a critical requirement for sustaining high performance. Upon achieving such a result, Prince William Water's resources are best served by pursuing improvement in other measures as well.

Several measures that Prince William Water reports may appear easy to achieve (e.g., 100% Water regulatory compliance) but are quite complex, requiring compliance with multiple permits, extensive tracking and reporting, and significant investment of time and other resources to achieve. Achieving 100% regulatory compliance requires meeting compliance standards 365 days a year. Most utilities comply with all regulatory requirements on any given day, however, remaining in compliance year after year is very difficult to achieve. For example, of more than 16,000 water reclamation facilities in the U.S., 510 (3.2%) achieved full compliance in 2023. One hundred eighty (1.125%) achieved the NACWA Platinum Peak Performance Award for five consecutive years of compliance. In 2023, the H.L. Mooney AWWF achieved Platinum 15 for fifteen consecutive years of compliance. Only 73 of 16,000 facilities (less than 1/2 %) achieved this level of performance, and the Mooney plant qualified for a 16th consecutive year in 2024.

In addition to KPIs, the FY26 Annual Business Plan includes 19 action plans that represent activities Prince William Water will undertake in FY26 to continue achieving excellence or improving its performance in each of the six AOE's.

# KEY PERFORMANCE INDICATORS/BENCHMARKS

Key Performance Indicators & Metrics				FY26 Benchmark	FY26 Goal
EXCEPTIONAL CUSTOMER EXPERIENCE					
Annual Customer Survey Satisfaction Score (scale of 1-10)				8.5	9
Average Monthly Transactional Customer Survey Satisfaction Score (% average on 1-10 scale)				8.5	9
Average Monthly Transactional Developer Survey Satisfaction Score (% on 1-10 scale)				8.5	9
"Prince William Water keeps me informed of the issues important to me?" (% of customers who say yes)				87%	93%
Safety Experience Modifier (XMOD)				1.0	≤0.7
Employee Engagement Satisfaction Score 1 – 5				4.2	4.2
Employee Turnover Rate (Combined)				12%	9%
Training Hours per FTE per year				24	24
"Prince William Water provides the necessary equipment and tools to do my job well." (% of employees who agree)				80%	85%
NACWA Peak Performance Award (100% compliance)				Platinum	Platinum
Water Regulatory Compliance Rate				100%	100%
Number of Students Taught				8,500	≥8,500
Teacher Satisfaction Rate				4	4.5
Stakeholder Outreach Index				100%	100%
Energy Efficiency - Wastewater kBtu/year per million gallons				7,200	6,100
Energy Efficiency – Water kBtu/year per million gallons				7,000	6,800
Average Water Loss				9.7%	≤8.0%
ENVIRONMENTAL LEADERSHIP & COMMUNITY ENGAGEMENT					
WORKPLACE OF CHOICE					







# KEY PERFORMANCE INDICATORS/BENCHMARKS

Key Performance Indicators & Metrics		FY26 Benchmark	FY26 Goal
SUSTAINABLE OPERATIONS	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 Inoperable Fire Hydrants	0.50%	≤0.50%
	Capital Project Execution Rate	65%	65%-75%
	Annual Comprehensive Financial Audit Results	Unqualified "Clean" Opinion	Unqualified "Clean" Opinion
FINANCIAL STEWARDSHIP	Effective Utility Management Framework (AWWA quality benchmark survey)	High Performance Rating	High Performance Rating
	Bond rating by Standard and Poor's and Moody's	AAA	AAA
	Debt-to-Asset Ratio	0.4	≤0.3
	Overtime Rate (overtime hours/hours worked)	4%	4%
	Compliance with rate and bond covenants	Fully Compliant	Fully Compliant
	Service Affordability - Low Burden Rating	7% of LQI	3% of LQI
	Average SCADA Availability	98	≥98.0%
CONTINUOUS IMPROVEMENT & INNOVATION	Average Software Application Availability	99.5%	≥99.5%
	Average Network Availability	99.5%	≥99.5%
	Average Telecommunications Availability	99.5%	≥99.5%
	SWaM Utilization Rate	15%	≥15%

# BUSINESS GOALS

## Business Goals

ENVIRONMENTAL LEADERSHIP & COMMUNITY ENGAGEMENT	
11. Advocate for Regulatory/Legislative Controls on PFAS Dischargers.	
10. Continue engagement with One PFAS Collaborative and Occoquan Reservoir Task Force.	
9. Expand education opportunities regarding key environmental issues, including salt smarts, water wise use and One Water.	
8. Host Water Art Invitational, Trick or Treatment, and Water Academy. Partner with various community groups to have a presence in the community.	
7. Continue to develop existing workforce development partnerships and programs such as the US Water Alliance taskforce project and community partnerships (like Future Kings and Pink Space Theory). 	
WORKPLACE OF CHOICE	
6. Implement the FY26 employee learning and development plan, to include: <ul style="list-style-type: none"> <li>Mandatory safety training for field employees (e.g., defensive driving, first aid/CPR/AED)</li> <li>Inclusive workplace topics </li> <li>Interpersonal, managerial, and leadership skill training</li> <li>Technical Training</li> </ul>	
5. Review and make improvements to the overall pay for performance program by improving forms, processes, and employee education.	
4. Continue to promote employee engagement and satisfaction through: <ul style="list-style-type: none"> <li>Employee communications</li> <li>Hosting employee events such as the health and wellness fair, Spring/Fall get togethers, and celebration of Water and Wastewater Professionals Day.</li> <li>Supporting employee resource groups and committees, such as Women of Water (WOW) and VIBE. </li> </ul>	
EXCEPTIONAL CUSTOMER EXPERIENCE	
3. Advocate for the establishment of a permanent Low-Income Housing Water Assistance Program to help customers obtain payment assistance.	
2. Increase the number of customers using the mobile app from 5% of the customer base to 10% through promotional efforts.	
1. Enhance customer communications across various platforms regarding water quality and the value of water based on opportunities identified in the Annual Relationship Survey and customer feedback. 	

# BUSINESS GOALS

## Business Goals

SUSTAINABLE OPERATIONS	
12. Effectively maintain the reliability of the water and sewer systems through:	<ul style="list-style-type: none"> <li>• Implementation of the Capital Improvement Program. See Section II for a full list of projects.</li> <li>• Preventative maintenance programs such as valve exercising, Inflow and Infiltration Program, and the use of cured-in-place pipe, and closed-circuit TV inspections.</li> </ul>
13. Engage PWC Office of Emergency Management and Hospitals in water emergency exercise.	
14. Apply for additional VCWRLF financing to complete the H.L. Mooney Facility-wide Improvements Project.	
15. Advance the cellular Advanced Metering Infrastructure (AMI) pilot to install AMI at large industrial customers to enhance data transmission and analysis.	
FINANCIAL STEWARDSHIP	
16. Promote continuous improvement and innovation (CI&I) through the Annual CI&I Expo with submissions from every division.	
17. Procure and begin Phase 1 of the ERP project, which includes planning and implementing the Financial Management Information System (FMS).	
18. Augment our current IT infrastructure by transitioning to more advanced technology, improving performance & reducing cost.	
19. Implement AI agents, Power BI, Co-Pilot, document management systems, and enhanced machine learning models.	
CONTINUOUS IMPROVEMENT & INNOVATION	

# GLOSSARY OF ACRONYMS

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

