BIENNIAL BUSINESS PLAN

FISCAL YEARS **2027 & 2028**

PRINCE WILLIAM WATER

Your Water • Your Environment • Our Mission

Biennial Business Plan

Fiscal Years 2027 & 2028

Adopted May 14, 2026

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Introduction

This Biennial Business Plan covers fiscal years 2027 and 2028. The two-year horizon aligns with longer term financial planning and provides greater administrative efficiency and predictability for teams to implement multi-year programs and initiatives. Given the extended forecasting required for a two-year budget, a mid-year adjustment process may be necessary to adapt to evolving circumstances and maintain sound financial management.

The FY27-28 Biennial 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 Biennial Business Plan.

The FY27-28 Biennial Business Plan consists of the following:

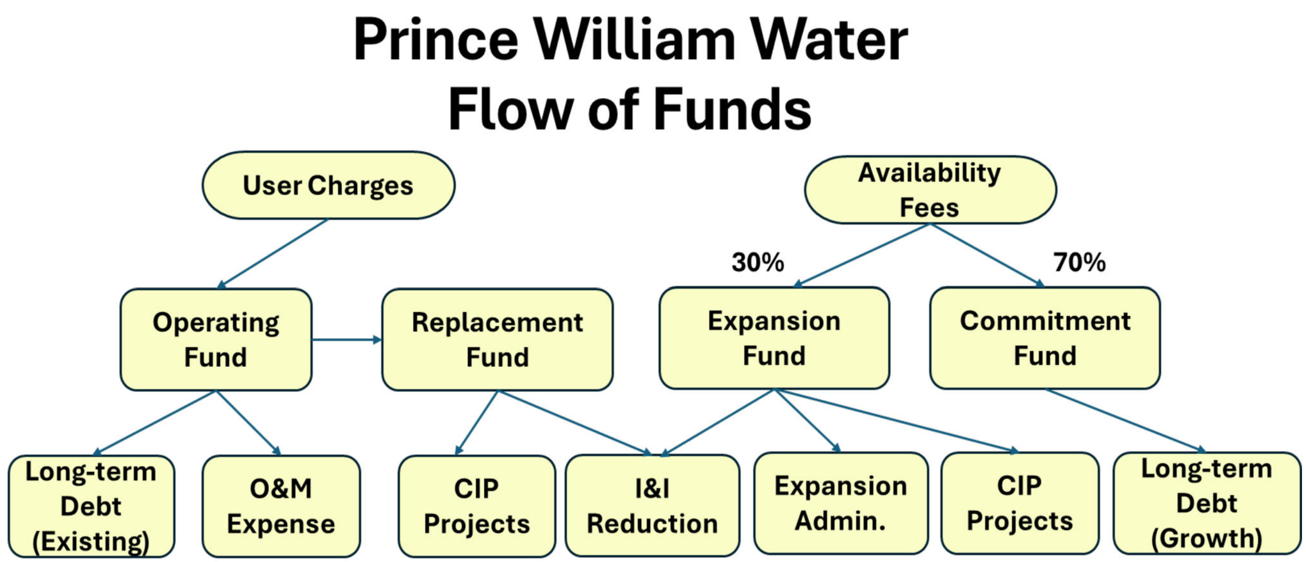
Section I Biennial Budget – This section includes a budget overview, budget details and assumptions, plan of finance, sources and uses of funds, customer rate comparison, and supplemental tables.

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 FY27 and FY28.

Section III Business Goals – This section includes biennial business goals by Area of Excellence (AOE) and key performance indicators by AOE and Effective Utility Management (EUM) Attributes.

Prince William Water segregates funds to ensure that "growth pays for growth" and that existing customers pay for the cost of operation and renewal of the system. Prince William Water accomplishes this by tracking revenues and expenditures using a "four fund" structure. The four funds are named for the four areas of budget focus: 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 and debt service associated with existing customers.
2) Expansion Fund (Fund 2): funded by Availability Fees and other developer charges and is used to pay for development administration and cash-funded 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.



BIENNIAL BUDGET
SECTION I

The Biennial 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 a broad range of factors in developing the Biennial Business Plan. While some impacts remain difficult to forecast such as construction-market volatility, supply-chain cost pressures, and evolving regulatory requirements, staff are prepared to adjust operations and spending as needed to respond to changing conditions and keep the plan aligned with organizational priorities.

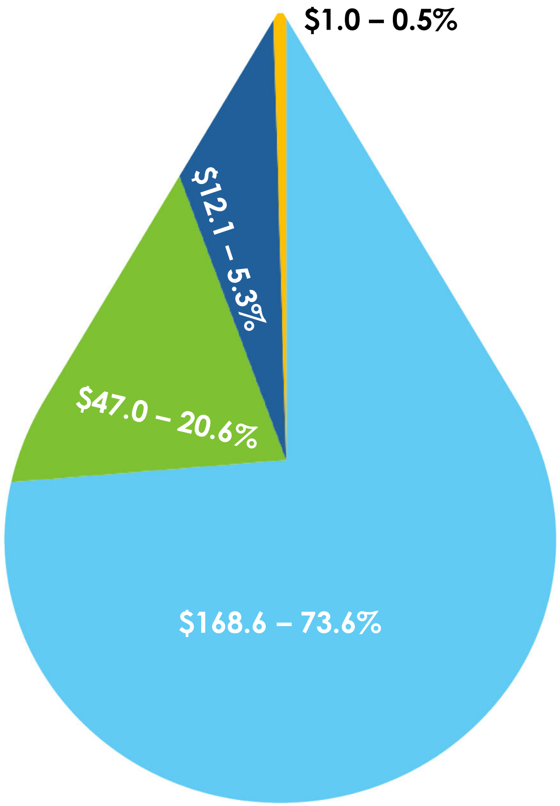
Budget Highlights

- Total revenue is projected to increase by 10.8% from $206.4 million in FY26 to $228.7 million in FY27, followed by an additional 7.3% increase in FY28 to $245.4 million. Revenue from User Charges is up $12.4 million, or 8.0%, in FY27, and $13.25 million, or 7.9%, in FY28, based on an increase in FY26-28 consumption trends and adopted/projected rates. Revenue from Developer Charges is up $8.9 million, or 23.2%, in FY27, and $4.1 million, or 8.7%, in FY28. Growth is projected at 2,500 Equivalent Residential Units (ERUs) in FY27, and 2,550 in FY28, up approximately 550 from FY26, due to higher projected industrial certifications.
- Total operating expenses are projected at $141.2 million in FY27, representing a $5.6 million or 4.1% increase, and $148.5 million in FY28, a $7.3 million or 5.1% increase. The budget reflects increases across all categories, driven primarily by people and talent, higher wholesale water and wastewater treatment costs, technology modernization and cybersecurity needs, chemical costs, and a larger contingency, particularly in year two of the biennium, to account for potential changes.
- The Capital Improvement Program (CIP) is budgeted at $134.5 million for FY27 and $140.2 million for FY28. This consists of $77.6 million in debt-funded projects and $56.9 million in cash-funded projects in FY27, and $52.1 million in debt-funded projects and $88.1 million in cash-funded projects in FY28 (see page 25).
- Fund balances are projected to be within target ranges at the beginning and end of the fiscal year (see page 16). Overall, sources of funds (revenue) is expected to exceed uses of funds (expenditures) in FY27 by $16.7 million and $1.3 million in FY28, resulting in a modest positive cash flow.

Table 1 - Operating Budget - All Funds

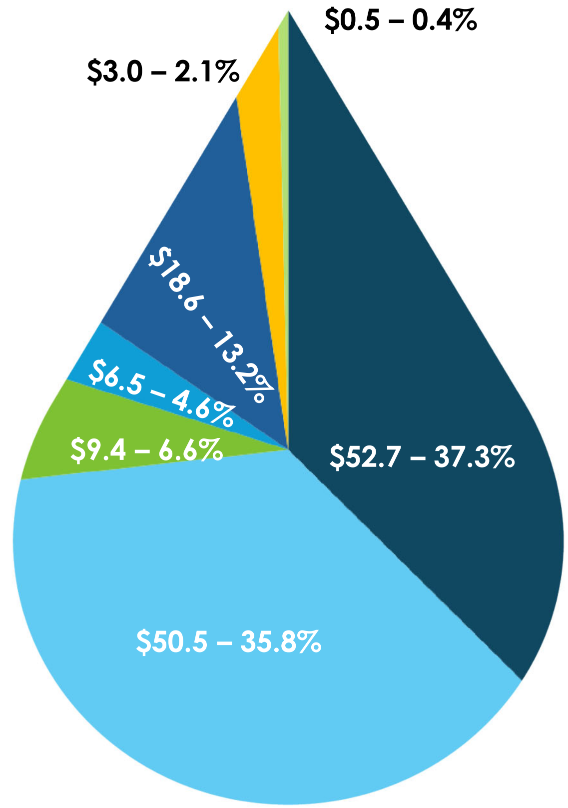
Description	FY26 Budget	FY27 Request	Difference	Percent Change	FY28 Request	Difference	Percent Change	Notes
Revenue								
User Charges & Fees	$156,154,000	**$168,603,000**	$12,449,000	8.0%	**$181,853,000**	$13,250,000	7.9%	*Increases based on 1% account growth and adopted/projected rate increases. .*
Developer Charges	38,161,500	**47,018,000**	8,856,500	23.2%	**51,089,000**	4,071,000	8.7%	*Assumes effective ERUs of 2,500 in FY27 (up 500 ERUs from FY26) and 2,550 in FY28, and adopted/projected availability fee increases.*
Interest Income	11,059,000	**12,056,000**	997,000	9.0%	**11,353,000**	(703,000)	(5.8%)	*Interest Income rises in FY27 due to interest on bond proceeds and falls in FY28 as bond proceeds are drawn.*
Antenna Lease	988,000	**1,040,000**	52,000	5.3%	**1,080,000**	40,000	3.8%	*Increases reflect annual rent escalations.*
Total Revenue	$206,362,500	**$228,717,000**	$22,354,500	10.8%	**$245,375,000**	$16,658,000	7.3%	
Expenses								
People & Talent	$51,594,600	**$52,702,500**	$1,108,000	2.1%	**$56,400,000**	$3,698,000	7.0%	*FY27 and FY28 include modest staffing increases and a 4.5% merit pool. In FY27, these were offset by lower VRS Group Life Insurance. In FY28, increases were due to less capitalized time for the ERP.*
Purchased Resources	48,218,000	**50,500,000**	2,282,000	4.7%	**51,964,000**	1,464,000	2.9%	*Incremental based on projected water and wastewater volumes and costs from wholesale providers.*
Material & Supplies	9,013,000	**9,375,500**	363,000	4.0%	**9,503,000**	128,000	1.4%	*Materials and supplies costs are expected to increase with inflation and then level off in FY28.*
Utilities	6,300,000	**6,495,000**	195,000	3.1%	**6,756,000**	261,000	4.0%	*Incremental increases in electricity, telephone, and wireless data expenses.*
Contractual Services	17,413,000	**18,615,000**	1,202,000	6.9%	**19,086,000**	471,000	2.5%	*Incremental increases in all contractual, higher temporary staffing due to ERP project, and lab compliance costs.*
Other Expenses	2,723,200	**3,028,000**	304,800	11.2%	**3,260,000**	232,000	7.7%	*Increases reflect additional technical training and higher insurance costs.*
Contingency	350,000	**500,000**	150,000	42.9%	**1,500,000**	1,000,000	200.0%	*Use of contingency requires General Manager approval and is higher in FY28 due to longer range forecasting.*
Total Expenses	$135,612,000	**$141,216,000**	$5,605,000	4.1%	**$148,469,000**	$7,254,000	5.1%	
Net Revenue	$70,751,000	$87,501,000	$16,750,000	23.7%	$96,906,000	$9,404,000	2.1%	

FY27 Revenue



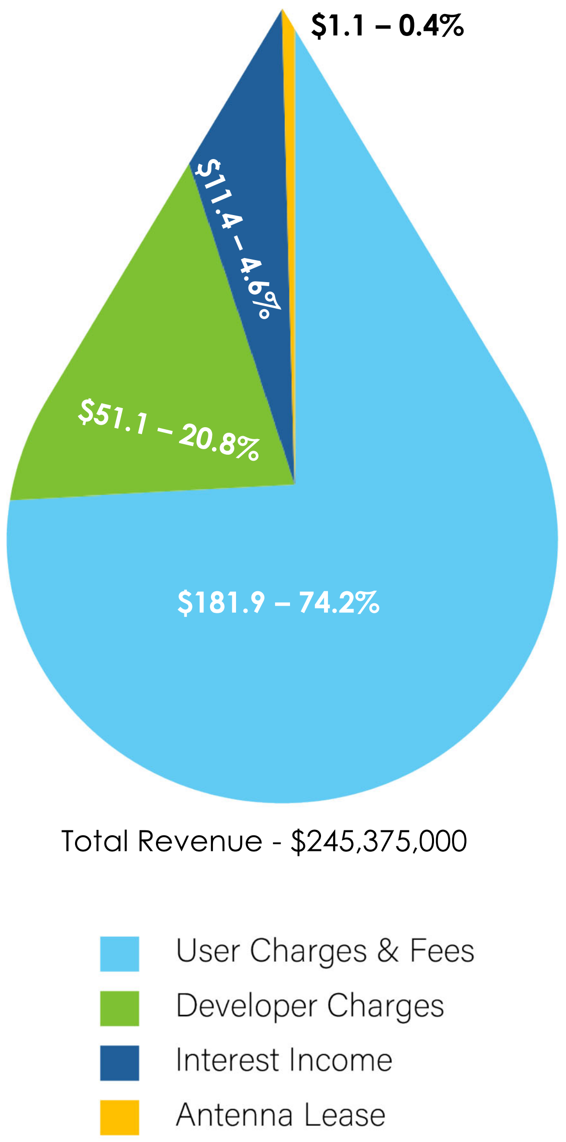
Total Revenue - $228,717,000

FY27 Expenses

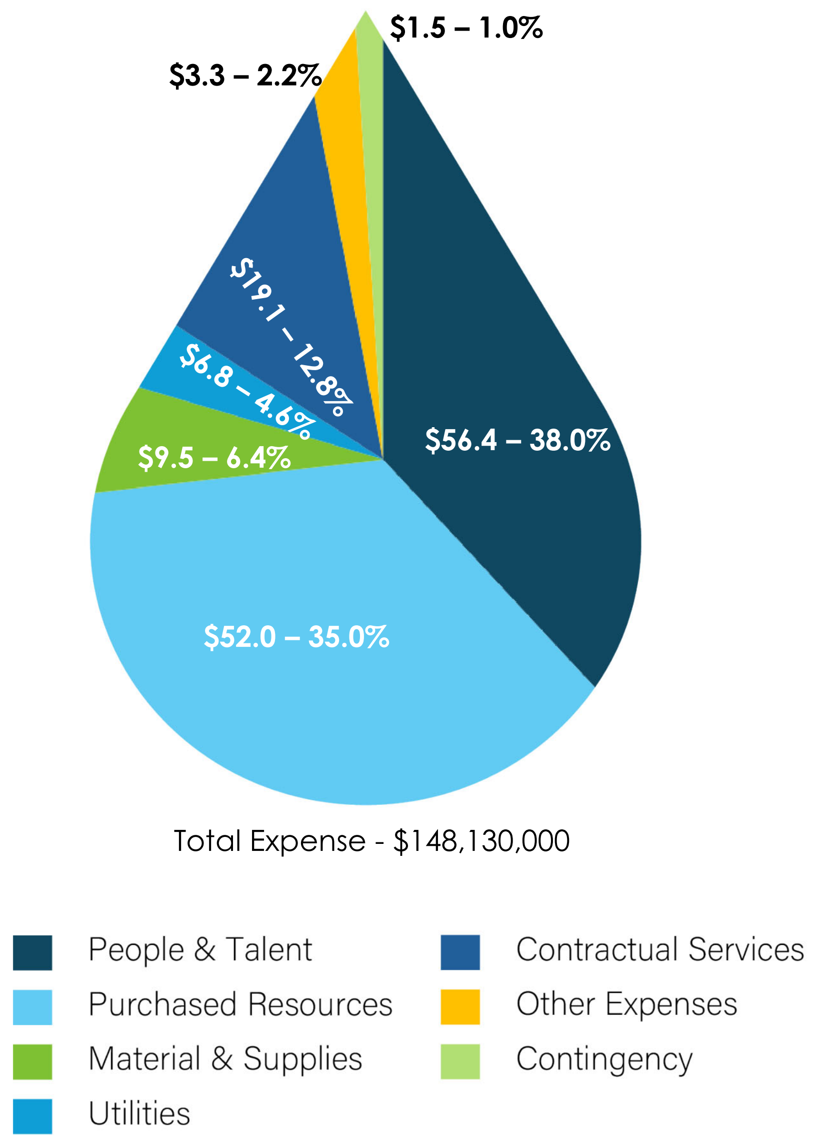


Total Expense - $141,216,000

FY28 Revenue



FY28 Expenses



REVENUES	
R1	Revenue from User Charges & Fees increased by $12.4 million, or 8.0%, in FY27 and by $13.3 million, or 7.9%, in FY28, reflecting 1% projected growth and adopted/projected user rates. A user rate increase will take effect on January 1, 2027 and a comprehensive rate study beginning in spring 2027 will provide recommendations to the Board for three year rate adjustments, beginning January 1, 2028.
R2	Developer Charges authorize a customer to establish service and cover the pro-rata share of added system capacity and infrastructure. Developer Charges is projected to increase by $8.9 million or 23.2% in FY27 and $4.1 million or 8.7% in FY28, due to a projected increase in growth from 2,000 ERUs in FY26 to 2,500 ERUs in FY27, and 2,550 ERUs in FY28, along with adopted/projected availability fee increases.
R3	Interest Income is expected to increase $1 million or 9% in FY27 due to interest on bond proceeds, and falls by $700,000 in FY28 as bond proceeds are drawn and the return on the portfolio declines.
R4	Revenue from antenna leases is projected to increase, consistent with annual rent increases.
EXPENSES	
E1	People and Talent expenses are projected to increase by $1.1 million or 2.1% in FY27 and $3.7 million or 7.0% in FY28, and reflect the following: ◘ Salaries and wages increase by $1.1 million or 2.7% in FY27 and $2.8 million or 6.9% in FY28 based on: ▪A projected average staffing level of 367 FTEs in FY 27 and 373 in FY28, along with an assumed vacancy rate of 6.0% in both years. ▪Reduced capitalized staff time in FY28 after completion of Phase 1 of the ERP project in FY27. ▪A proposed performance pay pool of $1.9 million in FY27 and $2.0 million in FY28 (Operating and Capital Budget impact) to adjust salaries for inflation, recognize performance, and retain staff. This includes base pay increases and one-time performance pay. ▪A 2.74% salary scale adjustment reflecting the increase in the CPI for the past 12 months. ◘ Fringe benefits are increasing by $42,400 or 0.4% in FY27 and $905,200 or 7.5% in FY28, which reflects: ▪A reduction in VRS Group Life Insurance costs that offset increases in FY27. Fringe benefit costs increase in FY28 as the ERP concludes and there are fewer capitalized personnel costs. ▪Health Insurance expenses are based on estimated employee coverage selection and a 10% increase in Prince William Water contributions compared to costs under the current plans.

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. 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. Purchased Resources are up \$2.3 million or 4.7% in FY27 and \$1.5 million or 2.9% in FY28. Projected FY27/28 water costs are higher due to planned personnel, chemical, utility, and supplies and material increases from Fairfax Water and projected increases for City of Manassas. Sewer costs are also increasing for UOSA due to an increase in operations, reserve maintenance, and OPEB costs.
E3	Materials & Supplies include tools, small equipment, chemicals, parts and supplies, postage, uniforms, and other materials essential for day-to-day operations. An increase of \$363,000 or 4% in FY27 and \$128,000 or 1.4% in FY28 is primarily due to gradual increases in chemical costs lab supplies, tools, water/sewer line supplies for repairs, building maintenance supplies, and safety equipment.
E4	Utility costs are projected to increase \$195,000 or 3.1% in FY27 and \$261,000 or 4.0% in FY28.
E5	Contractual Services consist of recurring and on-demand contracts such as security, staffing, 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 \$1.2 million or 6.9% in FY27 and \$471,000 or 2.5% in FY28, driven primarily by temporary staffing needed to backfill permanent staff assigned to the ERP project, higher lab compliance testing costs, and incremental increases across other contractual services.
E6	Other Expenses include training, insurance, rent, bad debt, and other miscellaneous expenses. The increase is primarily due to higher planned training and insurance costs.

Table 2 - Debt Service

Debt Service	Bonds	VRA	UOSA	Total
Balance as of 6/30/26	**122,940,000**	**198,464,456**	**184,520,000**	**505,924,456**
FY27 Principal Pmts (Budgeted)	(2,955,000)	(5,200,000)	(9,073,000)	(17,228,000)
FY27 Interest Pmts (Budgeted)	(5,104,000)	(1,623,000)	(4,190,000)	(10,917,000)
Total FY27 Debt Service Payments	**(8,059,000)**	**(6,823,000)**	**(13,263,000)**	**(28,145,000)**
Balance as of 6/30/27	**114,881,000**	**191,641,456**	**171,257,000**	**477,779,456**
FY28 Principal Pmts (Budgeted)	(3,140,000)	(5,290,000)	(9,254,000)	(17,684,000)
FY28 Interest Pmts (Budgeted)	(4,999,000)	(2,840,000)	(4,003,000)	(11,842,000)
Total FY28 Debt Service Payments	**(8,139,000)**	**(8,130,000)**	**(13,257,000)**	**(29,526,000)**
Balance as of 6/30/28	**106,742,000**	**183,511,456**	**158,000,000**	**448,253,456**

- Debt service payments are projected at $28.1 million in FY27, and $29.5 million in FY28 based on current debt service schedules:
  - Debt service for Prince William Water bonds is projected at $8.1 million in both FY27 and FY28. 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 FY25 issuance of $100 million to finance a portion of the capital projects funded by the Replacement Fund.
  - Virginia Resources Authority (VRA) debt service is projected at $6.8 million in FY27 and $8.1 million in FY28. It 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 $180 million in VCWRLF funding to finance CIP project WRF-138 Facility Wide Improvements - Design-Build Project.
  - UOSA debt service is projected at $13.3 million in both FY27 and FY28. This 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 – User Rate Comparison as of April 1, 2026[1]	
Jurisdiction	**Avg. Use – 5 TGALs**
Fauquier County	$153.02
VA American/Dale City	$110.56
City of Manassas Park	$110.22
Virginia Average	**$102.07**
Stafford County	$100.58
City of Manassas	$97.14
Fairfax County	$91.79
Prince William Water	**$88.85**
Falls Church	$83.42
Loudoun Water	$80.43

[1] Rates shown are current for all jurisdictions. Adopted rates will result in a typical residential bill of $96.05 for Prince William Water customers on January 1, 2027.

- EPA's affordability standard classifies Prince William Water rates as "Low Burden," the most affordable designation. Prince William Water's basic water cost is 1.6% 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 4a - FY27 Sources & Uses (in Millions)

Serving	Operating/ Replacement Existing Customers	Expansion/ Commitment New Customers	All Funds
Sources of Funds			
User Charges	$168.6	$47.0	$215.6
Other Operating Revenue	1.0		1.0
Interest Income	5.4	6.7	12.1
Projected Source of Funds	$175.0	$53.7	$228.7
Uses of Funds			
People & Talent	$47.9	$4.8	$52.7
Purchased Resources	49.8	0.7	50.5
Other	36.5	1.5	38.0
Total Expenses	$134.3	$6.9	$141.2
Net Revenue	$40.7	$46.8	$87.5
Debt Service	$19.7	$8.4	$28.1
Cash-Funded Capital[1]	21.0	21.7	42.7
Projected Use of Funds	$175.0	$37.1	$212.1
Net Change	$0.0	$16.6	$16.7
Debt-Funded Projects	$49.0	$9.2	$58.2

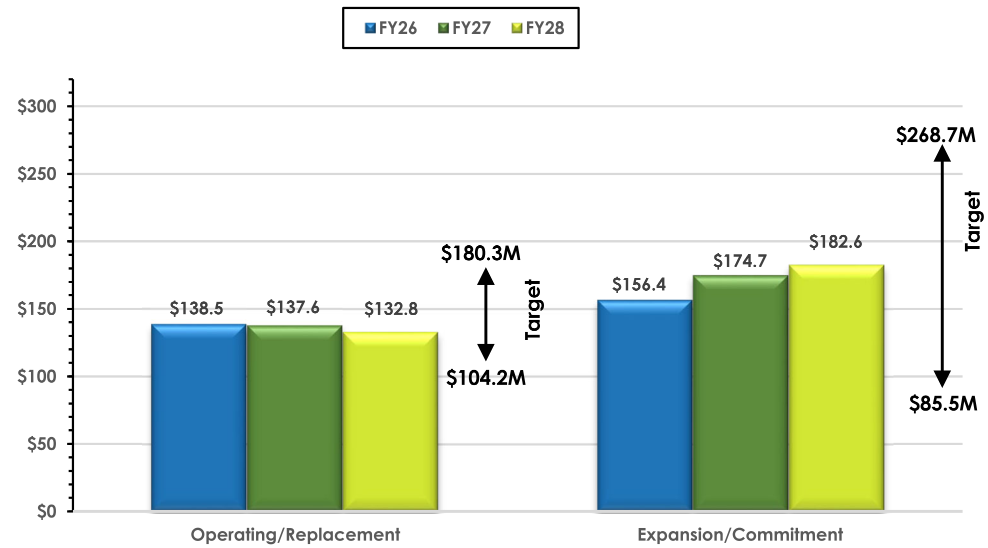
[1] *Prince William Water projects cash-funded CIP spending of $56.9M with an estimated 75% execution. Debt-funded CIP spending is shown above but does not impact projected fund balances.*

Table 4b - FY28 Sources & Uses (in Millions)

Serving	Operating/ Replacement Existing Customers	Expansion/ Commitment New Customers	All Funds
Sources of Funds			
User Charges	$181.9	$51.1	$232.9
Other Operating Revenue	1.1		1.1
Interest Income	5.0	6.4	11.4
Projected Source of Funds	$187.9	$57.4	$245.4
Uses of Funds			
People & Talent	$51.3	$5.1	$56.4
Purchased Resources	51.3	0.7	52.0
Other	38.3	1.8	40.1
Total Expenses	$140.8	$7.6	$148.5
Net Revenue	$47.1	$49.8	$96.9
Debt Service	$20.7	$8.9	$29.5
Cash-Funded Capital[1]	31.1	35.0	66.1
Projected Use of Funds	$192.6	$51.5	$244.1
Net Change	($4.7)	$6.0	$1.3
Debt-Funded Projects	$32.5	$6.6	$39.1

[1] *Prince William Water projects cash-funded CIP spending of $39.5M 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. 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.
- 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 expenditures. 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).

Table 5 - Operating & Replacement Fund Revenue

Description	FY26 Request	**FY27 Request**	Difference	Percent Change	**FY28 Request**	Difference	Percent Change
Operating Revenues							
Sale of Service	$112,189,000	**$120,773,000**	$8,584,000	7.7%	**$131,085,000**	$10,312,000	8.5%
Peak Use & High Demand (	6,711,000	**8,671,000**	1,960,000	29.2%	**9,388,000**	717,000	8.3%
Service Charge	33,930,000	**35,556,000**	1,626,000	4.8%	**37,653,000**	2,097,000	5.9%
Other Operating Revenue	3,324,000	**3,603,000**	279,000	8.4%	**3,727,000**	124,000	3.4%
Total Operating Revenue	$156,154,000	**$168,603,000**	$12,449,000	8.0%	**$181,853,000**	$13,250,000	7.9%
Non-Operating Revenues							
Interest Income	$4,409,000	**$5,353,000**	$944,000	21.4%	**5,003,000**	($350,000)	(6.5%)
Property Rental	988,000	**1,040,000**	52,000	5.3%	**1,080,000**	40,000	3.8%
Total Non-Operating	$5,397,000	**$6,393,000**	$996,000	18.5%	**$6,083,000**	($310,000)	(4.8%)
Total Revenue	$161,551,000	**$174,996,000**	$13,445,000	8.3%	**$187,936,000**	$12,940,000	7.4%

Table 6 - Operating & Replacement Fund Expenses

Description	FY26 Request	**FY27 Request**	Difference	Percent Change	**FY28 Request**	Difference	Percent Change
Expenses							
Salaries & Wages	$36,258,100	**$36,854,000**	$595,900	1.6%	**$39,343,000**	$2,489,000	6.8%
Fringe Benefits	11,165,600	**11,095,000**	(70,600)	-0.6%	**11,914,000**	819,000	7.4%
Purchased Water	26,286,000	**27,514,000**	1,228,000	4.7%	**27,877,000**	363,000	1.3%
Purchased Sewer	20,689,000	**21,726,000**	1,037,000	5.0%	**22,809,000**	1,083,000	5.0%
Purchased Trash	575,000	**592,000**	17,000	3.0%	**610,000**	18,000	3.0%
Utilities	6,300,000	**6,495,000**	195,000	3.1%	**6,756,000**	261,000	4.0%
Insurance	722,000	**758,000**	36,000	5.0%	**809,000**	51,000	6.7%
Contractual Services	10,298,600	**10,866,000**	567,400	5.5%	**11,132,000**	266,000	2.4%
Repairs & Maintenance	5,769,100	**6,547,000**	777,900	13.5%	**6,727,000**	180,000	2.7%
Material & Supplies	8,831,700	**9,225,000**	393,300	4.5%	**9,355,000**	130,000	1.4%
Rent, Training, Travel, Other	1,597,800	**2,010,000**	412,200	25.8%	**2,111,000**	101,000	5.0%
Contingency	200,000	**350,000**	150,000	75.0%	**1,050,000**	700,000	200.0%
Other Non-Operating	400,000	**260,000**	(140,000)	-35.0%	**340,000**	80,000	30.8%
Total Expenses	$129,092,900	**$134,292,000**	$5,199,100	4.0%	**$140,833,000**	$6,541,000	4.9%

Table 7 - Expansion & Commitment Fund Budget

Description	FY26 Request	FY27 Request	Difference	Percent Change	FY28 Request	Difference	Percent Change
Operating Revenues							
Inspection & Other Fees	$1,311,500	**$1,467,000**	$155,500	11.9%	**$1,637,000**	$170,000	11.6%
Availability Fees	36,850,000	**45,551,000**	8,701,000	23.6%	**49,452,000**	3,901,000	8.6%
Total Operating Revenue	$38,161,500	**$47,018,000**	$8,856,500	23.2%	**$51,089,000**	$4,071,000	8.7%
Non-Operating Revenues							
Interest Income	$6,650,000	**$6,700,000**	$50,000	0.8%	**$6,350,000**	($350,000)	(5.2%)
Total Non-Operating	$6,650,000	**$6,700,000**	$50,000	0.8%	**$6,350,000**	($350,000)	(5.2%)
Total Revenue	$44,811,500	**$53,718,000**	$8,906,500	19.9%	**$57,439,000**	$3,721,000	6.9%
Expenses							
Salaries & Wages	$3,255,200	**$3,724,800**	$469,600	14.4%	**$4,028,100**	$303,300	8.1%
Fringe Benefits	915,700	**1,028,700**	113,000	12.3%	**1,114,900**	86,200	8.4%
Purchased Water	668,000	**668,000**	0	0.0%	**668,000**	0	0.0%
Contractual Services	1,317,000	**1,175,000**	(142,000)	(10.8%)	**1,200,000**	25,000	2.1%
Repairs & Maintenance	28,500	**27,000**	(1,500)	(5.3%)	**27,000**	0	0.0%
Material & Supplies	181,300	**150,500**	(30,800)	(17.0%)	**148,000**	(2,500)	(1.7%)
Rent, Training, Travel, Other	3,400	**0**	(3,400)	(100.0%)	**0**	0	N/A
Contingency	150,000	**150,000**	0	0.0%	**450,000**	300,000	200.0%
Total Expenses	$6,519,100	**$6,924,000**	404,900	6.21%	**$7,636,000**	712,000	10.3%

Table 8 - Operating Fund Transfer Estimates[1]

Description	Amount		Description	Amount	
Operating Fund as of June 30, 2026	$	91.3			
Transfer on July 1, 2026	**$**	**(24.2)**			
FY'27 Starting Fund Balance	**$**	**67.1**	**FY28 Starting Fund Balance**	**$**	**70.4**
FY27 Operating Revenue	$	172.4	FY28 Operating Revenue	$	185.6
FY27 Operating Expenditures	$	(123.5)	FY28 Operating Expenditures	$	(129.6)
FY27 Debt Service	$	(19.7)	FY28 Debt Service	$	(20.7)
FY27 Ending Fund Balance	**$**	**96.3**	**FY28 Ending Fund Balance**	**$**	**105.8**
50% of FY28 Operating Fund Budget	$	70.4	50% of FY29 Operating Fund Budget*	$	74.5
Transfer on July 1, 2027	**$**	**25.9**	**Transfer on July 1, 2028**	**$**	**31.3**
			* Assumes a 5.8% increase.		

[1] Assumes 100% of Operating Revenue Budget, 92% of Operating Expenditures Budget, and 100% of Debt Service Budget for FY27 and FY28.

- Based on the proposed Biennial Business Plan, Prince William Water projects a $25.0 million transfer to the Replacement Fund in July 2026 and a $31.2 million transfer in July 2027. 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.

Budget Policy

Prince William Water takes a long-term, multi-year approach to capital and financial planning. The biennial budget is prepared based on updated projections and assumptions for the upcoming biennium. 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 on a biennial basis 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. The Board of Directors must approve contracts greater than the threshold established in the Procurement and Contract Management Regulations, currently $500,000. The General Manager, or his designee, 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 limits authorized in the FY27-28 Biennial Business Plan. Approved expenditures 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.

CAPITAL BUDGET
SECTION II

Table 9 - Capital Improvement Program

All Projects	FY27	FY28	FY29	FY30	FY31
Water Supply Projects (WSUP)	$11,986,283	$4,687,267	$3,030,999	$2,514,822	$4,753,586
Water Storage Projects (WST)	2,500,000	3,000,000	3,000,000	3,930,000	6,285,000
Water Transmission Projects (WAT)	5,099,945	11,107,698	4,080,841	5,186,460	10,746,095
Sewage Pumping Station Projects (SPS)	40,175,096	71,245,564	63,051,141	91,950,278	74,695,342
Sewer Collection Projects (SEW)	1,177,727	770,000	770,000	870,000	980,000
Water Reclamation Facility Projects (WRF)	47,148,266	18,916,061	8,265,000	8,130,000	13,230,000
Miscellaneous Projects (MISC)	15,214,758	11,103,212	29,135,751	36,848,296	29,879,452
Information Technology Projects (IT)	10,060,201	9,292,500	7,629,500	1,135,500	794,000
Regional Utility Projects (REG)	1,116,235	10,100,000	21,310,000	130,643,000	26,340,600
Total CIP Budget	**$134,478,510**	**$140,222,302**	**$140,273,232**	**$281,208,356**	**$167,704,074**
Total Cash-funded Projects included above	***$56,927,027***	***$88,100,587***	***$81,553,011***	***$128,991,080***	***$141,363,474***
Total Debt-funded Projects included above	***$77,551,483***	***$52,121,714***	***$58,720,221***	***$152,217,276***	***$26,340,600***

1) Total capital projects are budgeted at $134.5 million in FY27 and $140.2 million in FY28. 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 25 and 26). Project timing is dependent on many factors, including easement acquisition, weather, and project coordination with other projects and entities, which can cause spending to vary from projections. The Biennial Business Plan assumes a 75% execution rate in FY27 and a 70% rate in FY28.

2) The Biennial Business Plan assumes projects are cash-funded or debt-funded. Cash-funded projects are estimated at $56.9 million and $88.1 million in FY27 and FY28, respectively. Debt-funded projects (WRF-138, regional projects, and a portion of planned capital replacement spending) total $77.6 million in FY27 and $52.1 million in FY28.

Table 9A - FY27 & FY28 Capital Improvement Program (Schedule A)

CIP#		PROJECT NAME	PROJECT BUDGET	EXPANSION FUND %	*REPLACEMENT FUND %	FY27 TOTAL	FY28 TOTAL
WSUP-103		Water Meter Vault Improvements	1,300,257	0%	100%	100,000	103,000
WSUP-111		Bull Run Mountain Well Upgrades	5,651,091	10%	90%	2,898,840	1,932,560
WSUP-114		Capital Meter Program	23,171,366	20%	80%	2,021,250	2,081,888
WSUP-116		Unity Reed BPS, F14 and Discharge Main	15,586,006	60%	40%	5,826,555	0
WSUP-119		Hoadly BPS, F05 and Discharge Main	2,446,196	35%	65%	1,139,639	569,819
WST-110		Water Storage Tank Rehab. Program	19,500,000	0%	100%	2,000,000	2,500,000
WST-111		Tank Re-Chlorination Program	1,500,000	0%	100%	500,000	500,000
WAT-115		Dawkins Branch Transmission Main	20,202,619	50%	50%	2,374,945	10,582,698
WAT-181		Route 1 Transmission Main - Phase 1	14,572,477	50%	50%	1,150,000	0
WAT-182		Route 1 Transmission Main - Phase 2	12,945,473	50%	50%	1,150,000	0
WAT-183		West End Capacity Project	48,100,000	100%	0%	0	100,000
WAT-200		Water Dist. Asset Replacement Program	4,625,000	0%	100%	425,000	425,000
SEW-160		Neabsco Sewage Pumping Station Upstream Gravity Main	2,410,000	74%	26%	0	0
SEW-200		Sewer Collection Rehab. & Repl. Program	10,165,453	0%	100%	1,177,727	770,000
SPS-100		Generator Replacement Program	9,277,200	0%	100%	1,016,600	801,550
SPS-113		Heritage Hunt SPS, L52 and Force Main	38,248,496	50%	50%	335,045	0
SPS-115		Belmont SPS, L17 and Force Main	25,658,673	30%	70%	9,824,949	7,368,711
SPS-116		Hornbaker Sewage Pumping Station, L06 and Force Main	2,150,000	20%	80%	150,000	300,000
SPS-118		Koon's Sewage Pumping Station, L28	6,166,402	0%	100%	2,443,887	0
SPS-123		Spinnaker Court Sewage Pumping Station, L02 and Force	5,650,484	0%	100%	3,951,399	0
SPS-125		Occoquan Crk. SPS, L04 and Gravity Main	29,880,602	20%	80%	239,123	2,828,645
SPS-134		Hooes Run SPS, L01 and Force Main	42,268,786	35%	65%	9,632,724	19,509,940
SPS-142		Featherstone SPS, L16 and Force Main	77,804,890	45%	55%	6,662,591	13,557,597
SPS-144		Nokesville 2 Sewage Pumping Station, L57 and Forcemain	35,652,200	84%	16%	0	200,000
SPS-146		Area 6 Sewage Pumping Station, L31	25,930,000	75%	25%	0	130,000
SPS-151		Bristow Sewage Pumping Station, L62 and Force Main	8,590,400	100%	0%	100,000	3,224,000
SPS-152		Winters Branch Sewage Pumping Station, (UOSA)	21,310,394	100%	0%	0	50,000
SPS-238		Powell's Creek Sewage Pump Station, L08 Force Main	29,093,900	67%	33%	5,818,780	23,275,120
WRF-123		Ongoing Renewal and Replacement	15,350,605	30%	70%	2,562,919	750,000
WRF-131		FBI and Solids Bldg. Repairs and Mods.	12,275,000	30%	70%	2,275,000	680,000
WRF-134		Bioreactor Basin Improvements	143,225,000	30%	70%	1,050,000	1,425,000
WRF-138	†	Facility Wide Improv. - Design-Build Proj.	205,541,929	30%	70%	39,255,522	14,462,561
WRF-139		Denitrification Filter Improvements	5,450,000	30%	70%	600,000	400,000
WRF-140		Generator Dual Feed Switchgear	1,850,000	30%	70%	0	150,000
WRF-141		Grubbs Building and H2O Lab Improvements	3,550,000	30%	70%	100,000	450,000

Table 9A - FY27 & FY28 Capital Improvement Program (Schedule A)

CIP#		PROJECT NAME	PROJECT BUDGET	EXPANSION FUND %	*REPLACEMENT FUND %	FY27 TOTAL	FY28 TOTAL
WRF-142		Solids Resiliency (FBI Back-Up)	52,155,000	30%	70%	655,000	250,000
WRF-201		ESWR Mechanical Equipment Replacement Program	3,763,325	30%	70%	649,825	348,500
MISC-100		Water and Sewer Utility System Improvement Opportunity	14,300,000	50%	50%	1,820,000	1,120,000
MISC-101		Water & Sewer Facility Security Enhancements	2,696,517	0%	100%	195,360	214,296
MISC-102		Wellington Road Ops. Center Expansion	14,475,663	50%	50%	723,783	0
MISC-103		Facility Renewals and Upgrades	1,369,500	0%	100%	319,500	675,000
MISC-116		Dumfries Road Maintenance Facility	71,050,562	50%	50%	3,383,065	1,127,688
MISC-117		Studies and PER's - Organization Wide	8,177,500	50%	50%	502,500	575,000
MISC-200		Vehicle Replacement Program	9,661,000	0%	100%	1,074,000	873,000
MISC-201		Mechanical Equipment Replacement Program	36,791,117	0%	100%	3,342,600	3,396,828
MISC-202		Computer and Other Replacement Program	11,129,750	0%	100%	1,049,750	1,020,000
MISC-203		Major Facility Rehabilitation Program	27,999,700	0%	100%	2,804,200	2,101,400
IT-106		Cayenta - CIS	485,338	30%	70%	25,000	75,000
IT-107		Computerized Maintenance Management System (CMMS)	5,093,750	30%	70%	900,000	350,000
IT-110		Document Management System	2,125,300	30%	70%	300,000	127,500
IT-121		Asset Management Analytics	361,250	30%	70%	255,000	63,750
IT-125		Network Security Upgrades	500,000	30%	70%	50,000	50,000
IT-126		SCADA System Upgrade	18,460,055	0%	100%	369,201	0
IT-129		Enterprise Resource Planning (ERP)	25,000,000	30%	70%	6,700,000	6,600,000
IT-130		Data Mart	2,636,000	30%	70%	611,000	970,000
IT-131		Help Desk Replacement	400,000	30%	70%	0	100,000
IT-133		SCADA Equipment Annual Replacement	4,514,000	30%	70%	680,000	765,000
IT-134		Emerging Technology Implementations	2,248,750	30%	70%	170,000	191,250
REG-1		Occoquan River Crossing (Fairfax Water)	31,749,000	30%	70%	476,235	0
REG-2	+	UOSA Expansion - Project 60	47,800,000	30%	70%	500,000	8,000,000
REG-3		Braddock Road West W/M (FW)	45,300,000	100%	0%	140,000	2,100,000
		Total CIP Budget	**1,857,209,922**			**134,478,510**	**140,222,302**

* Replacement Fund portion of projects are eligible to be financed by proceeds of Prince William Water Series 2025 bonds.

† Project financed using proceeds from VCWRLF loan.

+ Financed by regional partners.

BUSINESS GOALS
SECTION III

INTRODUCTION

This report provides Prince William Water's 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 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**.

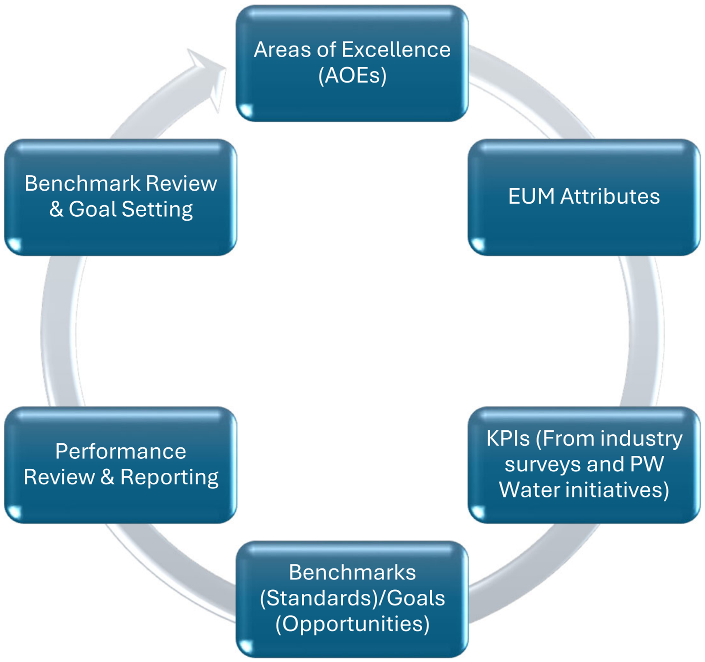
AREAS OF EXCELLENCE (AOE)

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**

KPI/BENCHMARK AND GOAL SETTING

Prince William Water's Strategic Plan is anchored by the Board's six Areas of Excellence (AOEs), which define organizational priorities and guide long-term performance. The FY27-28 Biennial Business Plan strengthens this framework by aligning Key Performance Indicators (KPIs) assigned to each AOE with the ten nationally recognized Effective Utility Management (EUM) Attributes. This alignment ensures our metrics, targets, and actions reflect both Board priorities and leading industry practices.



The FY27-28 Business Plan includes 42 key performance indicators (KPIs) organized by AOE and mapped to corresponding EUM Attributes. This structure demonstrates how daily operations, strategic initiatives, and enterprise-level performance all contribute to the utility's mission and industry benchmarks. KPIs measure the outcomes most important to our customers: safe, high-quality, reliable, and affordable water and wastewater service.

Goal-setting for KPI's continues to rely on top-quartile performance in the AWWA Benchmarking Survey, where such external benchmarks exist. When no industry standard is available, goals are based on multi-year historical performance representing sustained excellence. Prince William Water has been benchmarking performance for nearly 15 years, consistently ranking among high-performing utilities.

Some performance results, such as 100% regulatory compliance, may appear simple but require rigorous systems, continuous monitoring, and disciplined operational practices every day of the year. Achieving and maintaining multi-year compliance places our facilities among the top fraction of utilities nationwide.

In addition to KPIs, the FY27–28 Business Plan includes 20 business goals that outline the operational, capital, and organizational improvements needed to advance performance in each of the six AOEs. These efforts reinforce our commitment to continuous improvement and ensure that strategic priorities translate into measurable results.

AOE	EUM	Key Performance Indicators & Metrics	Benchmark	FY27 Goal	FY28 Goal
EXCEPTIONAL CUSTOMER EXPERIENCE	CUSTOMEXPERIENCE & SATISFACTION	Annual Customer Survey Satisfaction Score (scale of 1-10)	8.5	9	9
		Average Monthly Transactional Customer Survey Satisfaction Score (% average on 1-10 scale)	8.5	9	9
		Average Monthly Transactional Developer Survey Satisfaction Score (% on 1-10 scale)	8.5	9	9
		"Prince William Water keeps me informed of the issues important to me?" (% of customers who say yes)	87%	87%	87%
WORKPLACE OF CHOICE	WORKFORCE DEVELOPMENT	Safety Experience Modifier (XMOD)	1	<0.75	<0.75
		Employee Engagement Satisfaction Score 1 – 5	4.2	4.2	4.2
		Employee Turnover Rate (Combined)	12%	10%	10%
		Training Hours per FTE per year	24	24	24

AOE	EUM	Key Performance Indicators & Metrics	Benchmark	FY27 Goal	FY28 Goal
ENVIRONMENTAL LEADERSHIP & COMMUNITY ENGAGEMENT	REGULATORY & RELIABILITY PERFORMANCE	NACWA Peak Performance Award (100% compliance)	Platinum	Platinum	Platinum
		Water Regulatory Compliance Rate	100%	100%	100%
	STAKEHOLDER UNDERSTANDING & SUPPORT	Number of Students Taught	8,500	≥10,000	≥10,000
		Host Water Art Invitational, Trick or Treatment, Science Fair Awards, and Water Academy	Complete	Complete	Complete
		Teacher Satisfaction Rate	4	4.5	4.5
		Stakeholder Outreach Index	100%	100%	100%
		News releases issued	12	14	14
		Submissions to industry media	4	4	4
	COMMUNITY SUSTAINABILITY	Energy Efficiency - Wastewater kBtu/year per million gallons	7,000	6,900	6,800
		Energy Efficiency – Water kBtu/year per million gallons	7,200	7,100	7,000

AOE	EUM	Key Performance Indicators & Metrics	Benchmark	FY27 Goal	FY28 Goal
SUSTAINABLE OPERATIONS	WATER RESOURCE SUSTAINABILITY	Notices of Violations or Consent Orders	0	0	0
		Percent of Distribution System Samples Meeting Chlorine Residual Requirements	95%	95%	95%
	ENTERPRISE RESILIENCY	Average Operational Readiness	97%	≥97%	≥97%
		Average Water System Reliability	99.999%	≥99.999%	≥99.999%
		Average Inoperable Fire Hydrants	0.05%	≤0.05%	≤0.05%
		Average Water Loss	9.70%	≤8.0%	≤8.0%
		Capital Project Execution Rate	65%	65%-75%	65%-75%
		Execution of Sewer Line Maintenance and Rehabilitation Plan	100%	100%	100%
		Execution of Valve Exercising Plan	100%	100%	100%
		Wastewater Treatment Effectiveness Rate	100%	100%	100%

AOE	EUM	Key Performance Indicators & Metrics	Benchmark	FY27 Goal	FY28 Goal
FINANCIAL STEWARDSHIP	FINANCIAL VIABILITY	Annual Comprehensive Financial Audit Results	Unqualified "Clean" Opinion	Unqualified "Clean" Opinion	Unqualified "Clean" Opinion
		Bond rating by Standard and Poor's and Moody's	AAA	AAA	AAA
		Debt-to-Asset Ratio	0.4	≤0.3	≤0.3
		Compliance with rate and bond covenants	Fully Compliant	Fully Compliant	Fully Compliant
		Service Affordability - Low Burden Rating	Low Burden	3% of LQI	3% of LQI
	INFRASTRUCTURE STRATEGY & PERFORMANCE	Effective Utility Management Framework (AWWA quality benchmark survey)	High Performance Rating	High Performance Rating	High Performance Rating
		Overtime Rate (overtime hours/hours worked)	4%	4%	4%

AOE	EUM	Key Performance Indicators & Metrics	Benchmark	FY27 Goal	FY28 Goal
CONTINUOUS IMPROVEMENT & INNOVATION	OPERATIONAL OPTIMIZATION	Average SCADA Availability	100%	≥98.0%	≥98.0%
		Average Software Application Availability	100%	≥99.5%	≥99.5%
		Average Network Availability	100%	≥99.5%	≥99.5%
		Average Telecommunications Availability	100%	≥99.5%	≥99.5%
		Small Women and Minority-Owned (SWaM) Business Utilization	≥15%	≥15%	≥15%

AOE	Business Goals
EXCEPTIONAL CUSTOMER EXPERIENCE	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.
	2. Solicit customer feedback for possible enhancements to the customer portal and the mobile app, using the customer surveys and other mechanisms.
	3. Continue to support national water sector efforts and water associations to advance a permanent LIHWAP that provides sustained assistance for households facing water affordability challenges.
WORKPLACE OF CHOICE	4. Continue to promote employee engagement and satisfaction through: •Enhancing employee communications through Water Ways articles, the HR on Wednesday email series on benefits, L&D updates, and entryway screen announcements for new hires and promotions. •Hosting employee events including the health and wellness fair, Spring and Fall gatherings, and the annual celebration of Water and Wastewater Professionals Day. •Supporting employee resource groups and committees, such as Women of Water (WOW). AQUA, New Connections and VIBE.
	5. Complete a comprehensive total compensation study consistent with the Board of Director's Compensation Philosophy.
	6. Implement the FY27 employee learning and development plan, to include: •Mandatory safety training for field employees •Inclusive workplace topics •Interpersonal, managerial, and leadership skill training •Technical training •ERP training •Learning Management System (LMS) upgrade to enhance L&D offerings, including an improved user experience, expanded course options in multiple languages, and upgraded reporting capabilities.

AOE	Business Goals
ENVIRONMENTAL LEADERSHIP & COMMUNITY ENGAGEMENT	7. Host community events, including Water Art Invitational, Trick or Treatment, and Water Academy. Partner with various community groups to have a presence in the community.
	8. Expand educational content regarding key enviornmental issues, including salt smarts, water wise use and One Water.
	9. Support source water protection through promotion of effective salt management including collaboration with regional partners, use of Virginia Salt Management Strategies, and community outreach.
	10. Support source water protection through PFAS Source Control and Mitigation including regional partnerships, advocating for regulatory controls, and transparent public communications.
SUSTAINABLE OPERATIONS	11. Effectively maintain the reliability of the water and sewer systems through: •Implementation of the CIP to include substantial completion of the Mooney DB project. 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.
	12. Ensure compliance with the EPA Lead and Copper Rule Improvements (LCRI) by January 2028.
	13. Complete the Solids Resiliency Preliminary Engineering Report (PER) to identify the most effective backup alternatives to the existing Fluidized Bed Incinerator (FBI).
	14. Review the existing Emergency Response Plan and Emergency Communicaitons Plan, focusing on emergency communications and notification protocals, and implement improvements to communication systems, notification procedures, and staff training as needed.

AOE	Business Goals
FINANCIAL STEWARDSHIP	15. Conduct a comprehensive rate study of user rates, fees, and availability fees beginning in Spring 2027, presenting recommendations to the Board in Fall 2027 for calendar years 2028–2030, with approved rates taking effect January 1, 2028.
	16. Update the Plan of Finance and obtain financing for select capital projects.
CONTINUOUS IMPROVEMENT & INNOVATION	17. Implement a cloud first strategy to improve reliability, scalability, and operation efficiency for the remaining key enterprise applications, including GIS, Cityworks, and the Master Data Hub.
	18. Implement, support, and refine the ERP solution, including Phase I (FMIS go-live in January 2027) and Phase II (CIS go-live in July 2028).
	19. Plan and design a technology solution that expands public access to notifictations and alerts.
	20. Continue to mature the use of artificial intelligence technology from foundational work (governance, tools, partnerships, opportunities and training) to the deployment and optimization of predictive and generative use models.

GLOSSARY OF ACRONYMS

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