

Prince William County
Service Authority

*Biennial Budget
Fiscal 2017 – 2018*

Adopted

THE BOARD OF DIRECTORS

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ADOPTED
MAY 12, 2016

DEAN E. DICKEY
GENERAL MANAGER

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Glossary of Abbreviations

4WD	Four-Wheel Drive	LXX	Lift Station (Wastewater) Number XX
ADMIN.	Administration	M&B	Management and Budget
AMWA	American Water Works Association	MISC.	Miscellaneous
A/P	Accounts Payable	NACWA	National Association of Clean Water Agencies
AWRF	Advanced Water Reclamation Facility	O & M	Division of Operations and Maintenance
CAFR	Comprehensive Annual Financial Report	OD	Organizational Development
CALS	Client Access License	OTDR	Optical Time Domain Reflectometer
CCTV	Closed Circuit Television Camera	PLC	Programmable Logic Controller
CIP	Capital Improvements Program – A detailed schedule of capital projects to be undertaken by the Authority or contributed by developers.	POSM	Pipeline Observation System Management
CMMS	Computerized Maintenance Management System	PS	Pump Station
CS	Customer Service	PU	Pick Up
EAM	Enterprise Asset Management	PWCSA	Prince William County Service Authority
ENG.	Engineering	SCADA	Supervisory Control and Data Acquisition system – a computerized system for remote monitoring and control of facilities.
ERU's	Equivalent Residential Units – A unit of capacity equal to the peak volume required to serve a typical single-family residential customer. It is currently 400 gallons per day for water and 330 gallons per day for sewer.	SCCM	System Center Configuration Manager
EXT.	Extended (as-in Extended Cab)	SUV	Sport Utility Vehicle
FBI	Fluidized Bed Incinerator	UOSA	Upper Occoquan Service Authority – A regional AWRP owned by the Authority, Fairfax County, Manassas and Manassas Park.
FTE	Full Time Equivalent	UTV	Utility Vehicle
FY'XX	Fiscal Year 20XX	VEH.	Vehicle
GC/MS	Gas Chromatography Mass Spectrometry	VOC	Volatile Organic Compound
GFOA	Government Finance Officers Association	VWEF	Virginia Water Environment Federation
GIS	Geographical Information System	WWF	Water and Wastewater Facilities
GPS	Global Positioning System	YTD	Year-to-date
I/E	Instrument/Electrical		
I&I	Inflow and Infiltration		
IT	Department of Information Technology		
LPFM	Low Pressure Force Main		

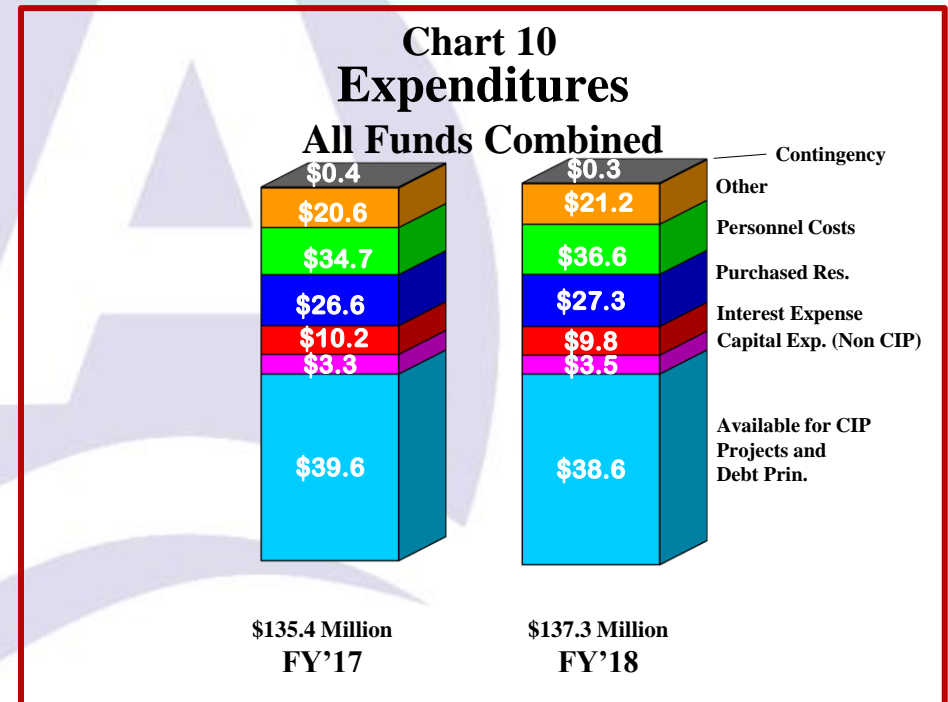
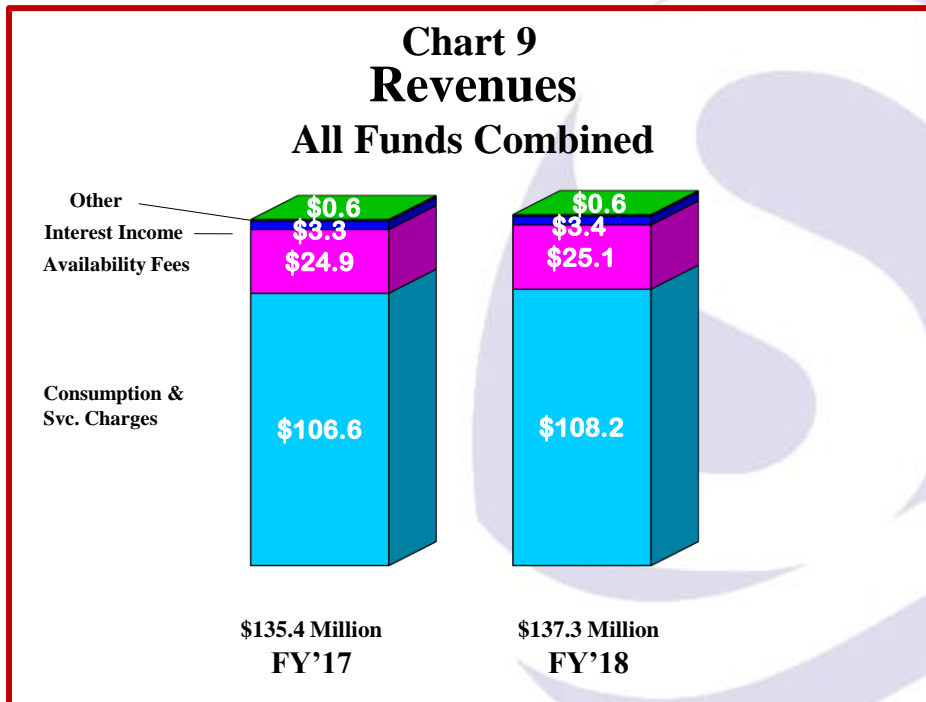
Fund Structure

The accounting general ledger and budget are prepared on a “four fund” basis, which provides a tool for tracking revenues and expenses as they relate to the Authority’s growth and operations. The “four funds” are named for the four areas on which the budget focuses: operations, capital expansion, debt service (commitment) and capital replacement. General guidelines of the four funds are as follows:

- Operating Fund: Funded by user rates and used to pay for daily operations.
- Expansion Fund: Funded by availability fees and other developer charges and used to pay for development administration and capital projects that increase capacity.
- Commitment Fund: Funded by availability fees and interest earned and used to pay debt and capacity agreements.
- Replacement Fund: Funded annually by a transfer of excess operating funds and used to pay for capital replacement expenditures.

Budget Overview

The Budget totals for revenues and expenditures are \$135.4 million in FY'17 and \$137.3 in FY'18 (see Chart 9), which will generate \$39.6 million in FY'17 and \$38.6 million in FY'18 for CIP Projects and debt principal payments (see Chart 10).



- The Authority has budgeted for account growth of 1.0% in both FY'17 and FY'18, which, combined with existing customers, is expected to produce \$106.6 million and \$108.2 million, respectively, in consumption and service charge revenue.
- The Authority expects to certify 1,600 ERU's in FY'17, which will produce \$24.9 million in availability fees; and 1,615 ERU's in FY'18, producing \$25.1 million in availability fees.

Budget Overview

TABLE 1 - BUDGET OVERVIEW - ALL FUNDS

Description	FY'16 Budget	FY'17 Request	Difference	Percent Change	FY'18 Request	Difference	Percent Change
<u>Revenue</u>							
Consumption & Svc. Chrgs	\$ 104,437,900	\$ 106,621,200	\$2,183,300	2.1%	\$ 108,176,700	\$ 1,555,500	1.5%
Water Availability Fee	7,643,400	7,617,400	(26,000)	-0.3%	7,693,400	76,000	1.0%
Sewer Availability Fee	17,248,200	17,248,200	-	0.0%	17,420,600	172,400	1.0%
Interest Income	2,451,000	3,345,200	894,200	36.5%	3,378,600	33,400	1.0%
Other Revenue	580,500	580,500	-	0.0%	586,200	5,700	1.0%
Total Revenue	\$ 132,361,000	\$ 135,412,500	\$3,051,500	2.3%	\$ 137,255,500	\$ 1,843,000	1.4%
<u>Expenses</u>							
Personnel Costs	\$ 33,405,000	\$ 34,676,700	\$ 1,271,700	3.8%	\$ 36,612,800	\$ 1,936,100	5.6%
Purchased Resources	26,236,600	26,610,200	373,600	1.4%	27,258,900	648,700	2.4%
Interest Expense	10,928,500	10,178,500	(750,000)	-6.9%	9,778,500	(400,000)	-3.9%
Other Expenses	20,194,300	20,650,800	456,500	2.3%	21,195,500	544,700	2.6%
Contingency	700,000	400,000	(300,000)	-42.9%	300,000	(100,000)	-25.0%
Total Expenses	\$ 91,464,400	\$ 92,516,200	\$ 1,051,800	1.1%	\$ 95,145,700	\$ 2,629,500	2.8%
Net Income (excl. Depr.)	\$ 40,896,600	\$ 42,896,300	\$ 1,999,700	4.9%	\$ 42,109,800	\$ (786,500)	-1.8%

Operating Fund

Revenues

TABLE 3 - OPERATING FUND REVENUE

Description	FY'16 Budget	FY'17 Request	Difference	Percent Change	FY'18 Request	Difference	Percent Change
<u>Operating Revenues</u>							
Sale of Service - Water	\$ 30,002,500	\$ 30,299,000	\$ 296,500	1.0%	\$ 30,601,900	\$ 302,900	1.0%
Peak Use Charges	2,142,700	2,154,200	11,500	0.5%	2,175,600	21,400	1.0%
Sale of Service - Sewer	51,155,800	51,667,300	511,500	1.0%	52,183,900	516,600	1.0%
Service Charge - Water	5,548,300	6,047,600	499,300	9.0%	6,289,500	241,900	4.0%
Service Charge - Sewer	9,459,200	10,310,500	851,300	9.0%	10,722,900	412,400	4.0%
Application Fees	331,300	331,300	-	0.0%	334,600	3,300	1.0%
Disconnect Fees	416,800	416,800	-	0.0%	420,900	4,100	1.0%
Late Payment Fees	1,314,400	1,314,400	-	0.0%	1,327,500	13,100	1.0%
Other Operating Revenue	1,048,000	1,055,600	7,600	0.7%	1,065,800	10,200	1.0%
Total Operating Revenue	\$ 101,419,000	\$ 103,596,700	\$ 2,177,700	2.1%	\$ 105,122,600	\$ 1,525,900	1.5%
<u>Non-Operating Revenues</u>							
Interest Income	\$ 459,400	\$ 600,000	\$ 140,600	30.6%	\$ 606,000	\$ 6,000	1.0%
Property Rental	568,400	568,400	-	0.0%	574,000	5,600	1.0%
Other Non-Operating	12,100	12,100	-	0.0%	12,200	100	0.8%
Total Non-Operating	\$ 1,039,900	\$ 1,180,500	\$ 140,600	13.5%	\$ 1,192,200	\$ 11,700	1.0%
Total Revenue	\$ 102,458,900	\$ 104,777,200	\$ 2,318,300	2.3%	\$ 106,314,800	\$ 1,537,600	1.5%

Operating Fund

Expenses

TABLE 4 - OPERATING FUND EXPENSES

Description	FY'16 Budget	FY'17 Request	Difference	Percent Change	FY'18 Request	Difference	Percent Change
<u>Operating Expenses</u>							
Salaries & Wages	\$ 21,559,300	\$ 22,695,600	\$ 1,136,300	5.3%	\$ 24,125,200	\$ 1,429,600	6.3%
Fringe Benefits	8,455,500	8,613,700	158,200	1.9%	8,995,700	382,000	4.4%
Purchased Water	12,916,900	12,916,900	-	0.0%	13,239,900	323,000	2.5%
Purchased Sewer	12,393,200	12,825,200	432,000	3.5%	13,145,900	320,700	2.5%
Contractual Services	5,391,300	5,444,800	53,500	1.0%	5,584,000	139,200	2.6%
Repair & Maintenance	2,920,400	2,949,400	29,000	1.0%	3,026,000	76,600	2.6%
Operating Supplies	5,217,900	5,404,700	186,800	3.6%	5,554,100	149,400	2.8%
Utilities	3,599,300	3,672,300	73,000	2.0%	3,764,300	92,000	2.5%
Insurance	478,800	478,800	-	0.0%	490,900	12,100	2.5%
Other Operating Expenses	799,700	913,900	114,200	14.3%	942,000	28,100	3.1%
Total Operating Expenses	\$ 73,732,300	\$ 75,915,300	\$ 2,183,000	3.0%	\$ 78,868,000	\$ 2,952,700	3.9%
<u>Non-Operating Expenses</u>							
Interest Expense	\$ 2,869,900	\$ 2,544,900	\$ (325,000)	-11.3%	\$ 2,344,900	\$ (200,000)	-7.9%
Contingency	500,000	300,000	(200,000)	-40.0%	250,000	(50,000)	-16.7%
Other Non-Operating	145,400	145,400	-	0.0%	149,100	3,700	2.5%
Total Non-Operating	\$ 3,515,300	\$ 2,990,300	\$ (525,000)	-14.9%	\$ 2,744,000	\$ (246,300)	-8.2%
Total Operating Fund	\$ 77,247,600	\$ 78,905,600	\$ 1,658,000	2.1%	\$ 81,612,000	\$ 2,706,400	3.4%

Replacement Fund

TABLE 5 - REPLACEMENT FUND BUDGET

Description	FY'16 Budget	FY'17 Request	Difference	Percent Change	FY'18 Request	Difference	Percent Change
<u>Revenue</u>							
Operating Revenues	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	N/A
Interest Income	898,700	1,090,000	191,300	21.3%	1,100,900	10,900	1.0%
Total Revenue	\$ 898,700	\$ 1,090,000	\$ 191,300	21.3%	\$ 1,100,900	\$ 10,900	1.0%
<u>Expenses</u>							
Contractual Services	\$ 88,500	\$ 88,500	\$ -	0.0%	\$ 90,800	\$ 2,300	2.6%
Contingency	100,000	50,000	(50,000)	-50.0%	25,000	(25,000)	-50.0%
Total Expenses	\$ 188,500	\$ 138,500	\$ (50,000)	-26.5%	\$ 115,800	\$ (22,700)	-16.4%
Net Income (excl. Depr.)	\$ 710,200	\$ 951,500	\$ 241,300	34.0%	\$ 985,100	\$ 33,600	3.5%

TABLE 6 - EXPANSION & COMMITMENT FUND BUDGET

Description	FY'16 Budget	FY'17 Request	Difference	Percent Change	FY'18 Request	Difference	Percent Change
<u>Operating Revenue</u>							
Operating Revenues	\$ 1,608,400	\$ 1,705,600	\$ 97,200	6.0%	\$ 1,722,600	\$ 17,000	1.0%
Inspection Fees & Revenue	1,410,500	1,318,900	(91,600)	-6.5%	1,331,500	12,600	1.0%
Availability Fees	24,891,600	24,865,600	(26,000)	-0.1%	25,114,000	248,400	1.0%
Interest & Other Income	1,092,900	1,655,200	562,300	51.5%	1,671,700	16,500	1.0%
Total Revenue	\$ 29,003,400	\$ 29,545,300	\$ 541,900	1.9%	\$ 29,839,800	\$ 294,500	1.0%
<u>Operating Expenses</u>							
Salaries & Wages	\$ 2,560,600	\$ 2,531,200	\$ (29,400)	-1.1%	\$ 2,621,700	\$ 90,500	3.6%
Fringe Benefits	829,600	836,200	6,600	0.8%	870,200	34,000	4.1%
Purchased Water	726,500	668,100	(58,400)	-8.0%	668,100	-	0.0%
Interest Expense	8,058,600	7,633,600	(425,000)	-5.3%	7,433,600	(200,000)	-2.6%
Other	1,753,000	1,753,000	-	0.0%	1,799,300	46,300	2.6%
Contingency	100,000	50,000	(50,000)	-50.0%	25,000	(25,000)	-50.0%
Total Expenses	\$ 14,028,300	\$ 13,472,100	\$ (556,200)	-4.0%	\$ 13,417,900	\$ (54,200)	-0.4%
Net Income (excl. Depr.)	\$ 14,975,100	\$ 16,073,200	\$ 1,098,100	7.3%	\$ 16,421,900	\$ 348,700	2.2%

Capital Budget

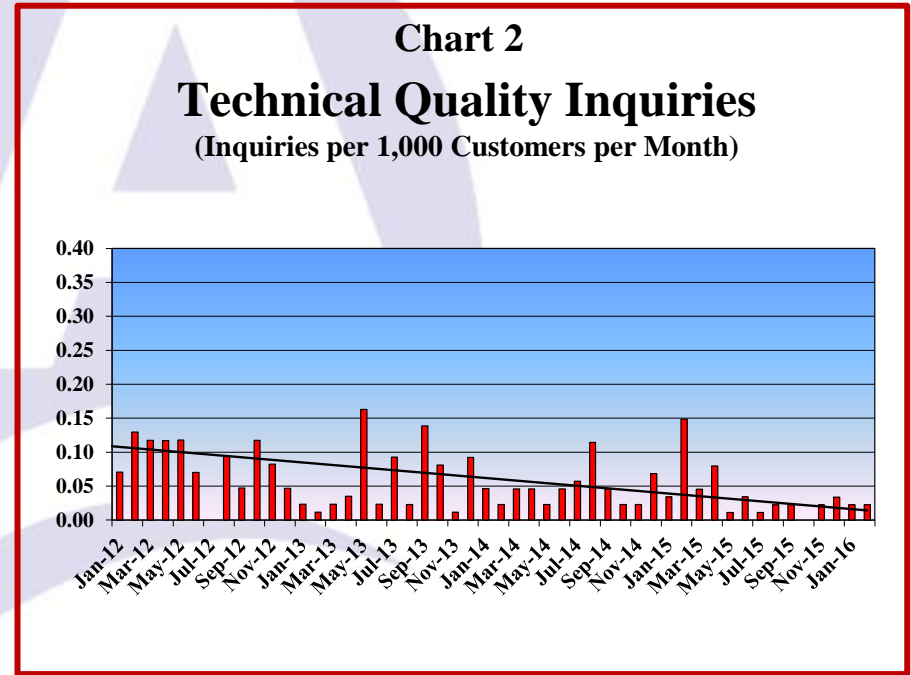
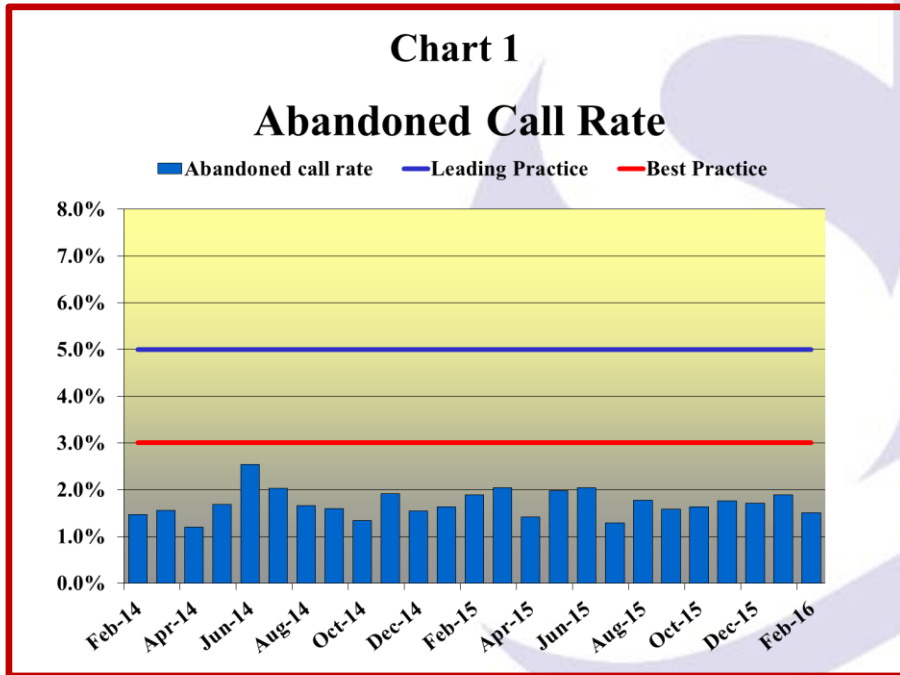
Summary by Type

TABLE 7 - CAPITAL BUDGET				
	FY'17		FY'18	
Summary by Type				
Equipment	\$	1,074,600	\$	1,503,500
Computer		633,100		729,500
Vehicles		737,000		570,000
Furniture and Fixtures		175,000		105,300
Buildings		-		60,000
Miscellaneous/Other Improv. (Under \$100K)		690,000		546,400
Total Capital by Type	\$	3,309,700	\$	3,514,700

Service Authority Performance

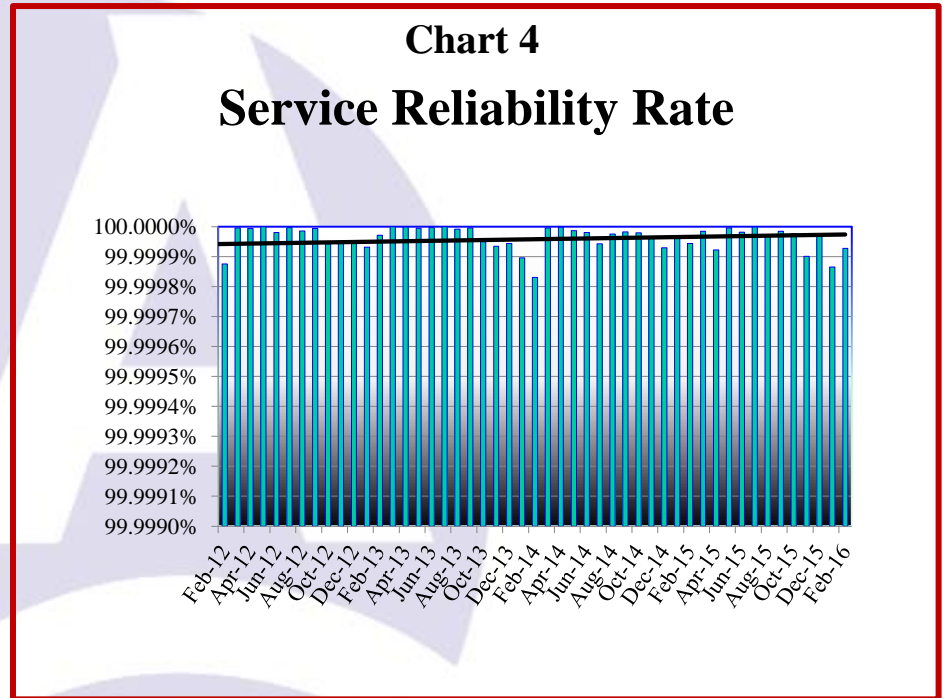
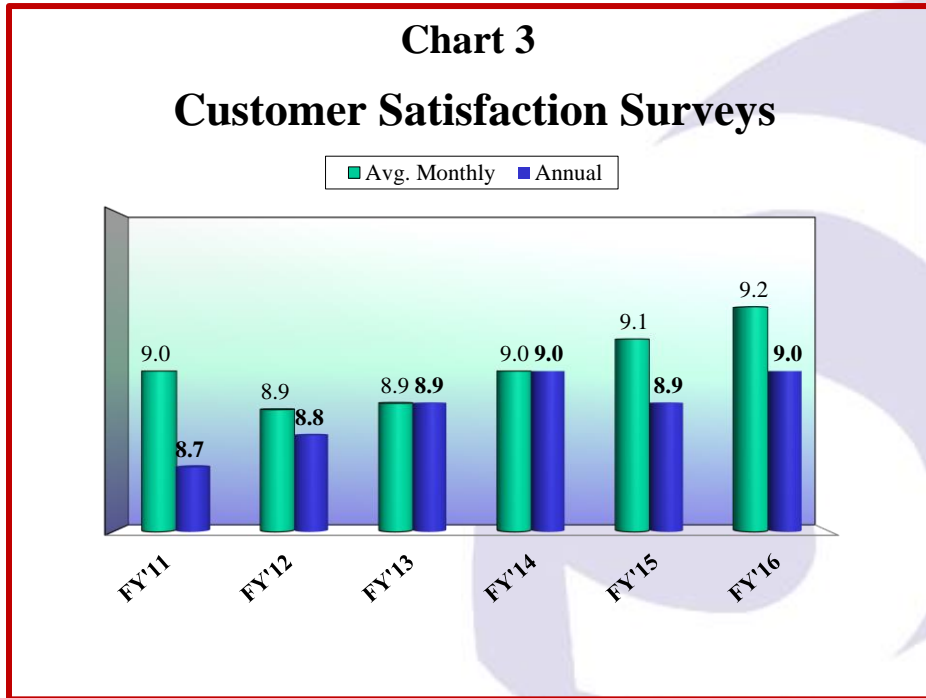
Increased Efficiency and Accountability

To further its mission of providing superior service, the Authority monitors a broad array of performance measures. Steady attention to execution has resulted in improvement in the Authority’s productivity and its quality of service.



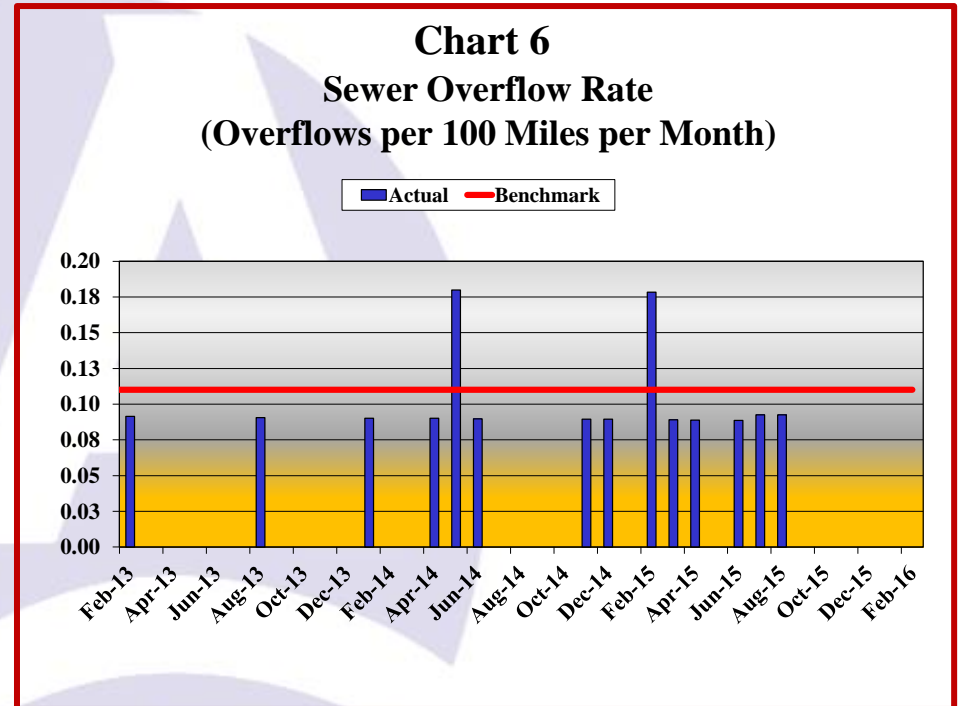
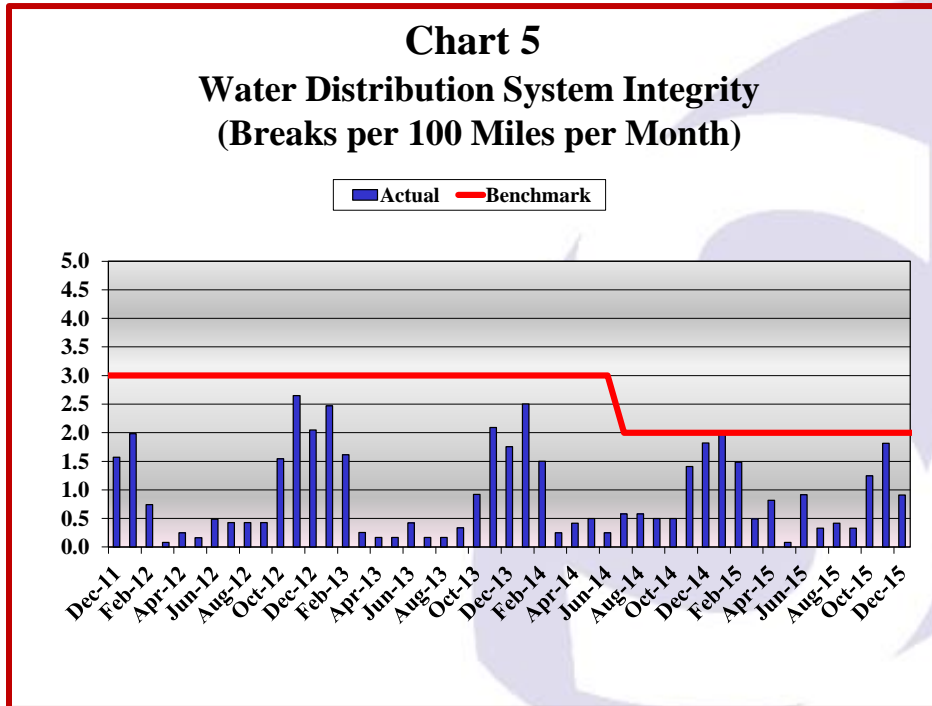
- The Authority’s abandoned call rate has consistently exceeded both the best and leading practices over the past 2 years, and is currently averaging less than 2% in FY’16 (see Chart 1).
- The Authority has made consistent improvement in reducing its technical quality inquiry rate (inquiries about water pressure, taste and odor and complaints about sewer overflows and odor). Regular training, additional resources, and focus on superior service have been a major driver in reducing the number of technical quality inquiries (see Chart 2).

Increased Efficiency and Accountability (cont'd.)



- The Authority conducts a comprehensive annual customer satisfaction survey, as well as an ongoing monthly transactional survey to determine how satisfied customers are with their most recent interaction. On a scale of 1-10, the average overall satisfaction rating for the annual and monthly survey is 9.0 and 9.2 respectively (see Chart 3).
- The Authority assesses quality service based on established objectives and service level targets. It focuses on non-regulatory performance targets – valve exercise rate (a measure of how well we are maintaining the water system) and water and sewer service disruption rates. The Authority continues to meet its service reliability benchmark of 99.999% (Five 9s), which equates to less than six minutes of water service outage per customer per year (see Chart 4).

Operational Effectiveness (cont'd)



- The Authority continues to exceed its improved benchmark of 2 breaks per 100 miles per month (see Chart 5). This performance is in the top quartile of utilities in the Qualserve survey, a performance benchmarking tool used by utilities that are focused on performance measurement and improvement.
- The Authority's Sewer Overflow Rate has met its benchmark during the last three years and is in the Qualserve Top Quartile. The Authority's sewer overflow rate averages 0.5 overflows per 100 miles of pipe per year, or approximately six overflows annually. This shows the excellent condition of the Authority's sewage collection system and the effectiveness of its sewer maintenance program (see Chart 6).

A Culture of Savings

Chart 7
Unaccounted for Water
(% Loss of Water Purchased and Produced)

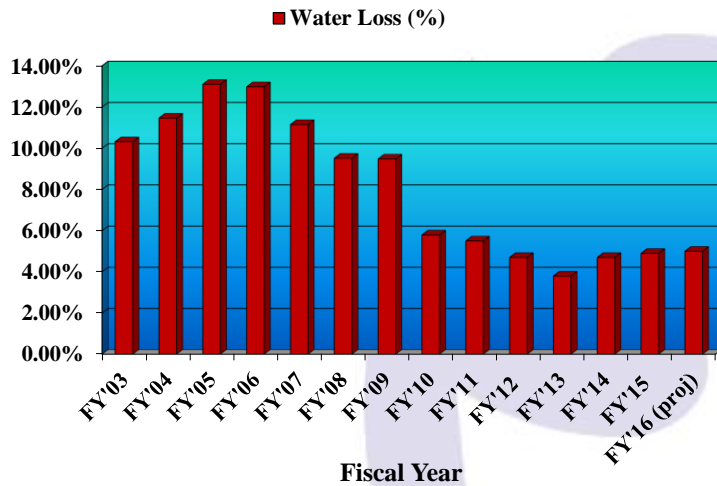
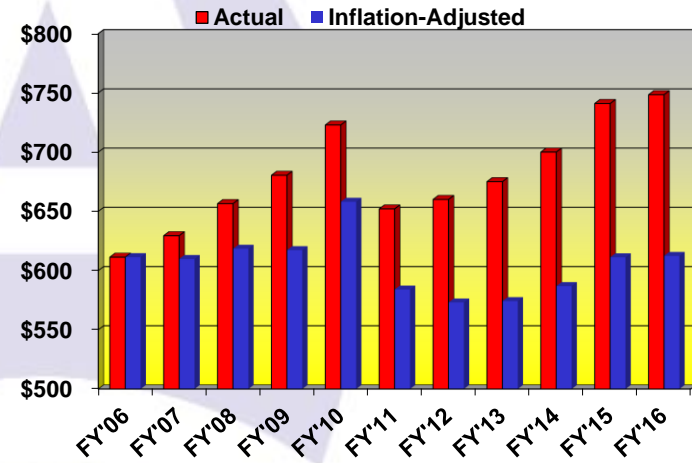


Chart 8
Operating Expenses per Acct.
(Inflation Adjusted)



- The volume of unaccounted for water has decreased significantly since FY'06 as the Authority increased its efforts to capture all billable consumption through the hydrant meter program, construction meters for developers, large meter replacement program, the meter exchange program, implementing a leak detection program and increased quality assurance reviews in the billing process (see Chart 7).
- When adjusted for inflation, actual operating expense per account is slightly lower than FY'06 (see Chart 8).

Award Winning Service

The Service Authority has been recognized on both the national and state levels for overall excellence, as well as, exceptional operations, safety and financial management programs.



For the 26th consecutive year, the Division of Finance was awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for the high quality of the PWCSA's Comprehensive Annual Financial Report (CAFR).

GEORGE W. BURKE, Jr. FACILITY SAFETY AWARD

The H. L. Mooney AWRF received the WEF/ George W. Burke, Jr. Facility Safety Award in recognition of its on-going safety initiative documented by the implementation and improvement of its safety program.



PWCSA received NACWA's Platinum Peak Performance Award II for 100% permit compliance at the H. L. Mooney AWRF for six consecutive years. The Authority has also received the Gold Peak Performance Award for permit compliance seven times.



The Authority received the AMWA – 2015 Sustainable Water Utility Management Award recognizing utilities that are committed to sustainable management. Award winners have achieved innovative success in economic, social and environmental endeavors while providing cost effective services to ratepayers.



The Authority won top honors in the Virginia Chapter of the American Water Works Association's 2015 Public Information Awards Competition – Best External Newsletter (The Pipeline) Category and Best Water Utility Community Relations Program.



The Communications Division received the Web Marketing Association's 2015 Web Awards Competition – PWCSA.org was awarded the Standard of Excellence for Web Development for Non-profit organizations.