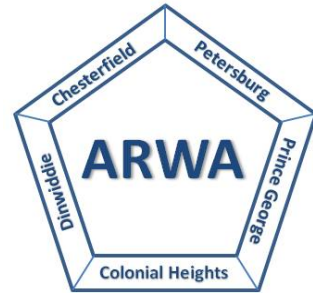


Appomattox  
River  
Water  
Authority



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21300 Chesdin Rd. - S. Chesterfield, VA 23803 - Phone (804) 590-1145 - Fax (804) 590-9285

**APPOMATTOX RIVER WATER AUTHORITY**

**Board of Directors Meeting**

DATE: March 18, 2021

TIME: 2:00 pm

LOCATION: **Appomattox River Water Authority**  
Board Room, Administration Building  
21300 Chesdin Road  
South Chesterfield, VA 23803

**AGENDA**

1. Call to Order/Roll Call
2. Approval of Minutes: Minutes of the Board Meeting held on January 21, 2021 (Exhibit A, pages 2 to 8)
3. Public Comment (Exhibit B, page 9)
4. Public Hearing for FY2021/22 Operating Budget (Exhibit C, pages 10 to 30)
5. Executive Director's Report:
  - Financial Policy Review and Update (Exhibit D, pages 31 to 47) – First time presentation on surplus funds – No action will be requested.
  - Status Report (Exhibit E, pages 48 to 50)
  - Flushing Discussion (Exhibit F, page 51)
  - Financials (Exhibit G, pages 52 to 55)
6. Items from Counsel
7. Closed Session
  - Executive Director's Annual Evaluation
  - Personnel update
8. Other items from Board Members/Staff Not on Agenda
9. Adjourn

**EXHIBIT A**

**BOARD OF DIRECTORS MEETING**

**Appomattox River Water Authority**

**January 21, 2021 at 2:00 p.m.**

**Location: Appomattox River Water Authority  
21300 Chesdin Road, Petersburg, VA 23803**

**MEMBERS PRESENT:**

Doug Smith, Chairman (Colonial Heights)  
Kevin Massengill, Vice-Chairman (Dinwiddie)  
Aretha Ferrell-Benavides, (Petersburg)  
Joseph Casey, (Chesterfield)

**STAFF PRESENT:**

Robert B. Wilson, Executive Director, (ARWA & SCWWA)  
James C. Gordon, Asst. Executive Director (ARWA & SCWWA)  
Arthur Anderson, (McGuire Woods)  
Melissa Wilkins, Business Manager/FOIA (ARWA & SCWWA)  
Kathy Summerson, Administrative Assistant (SCWWA)

**ALTERNATES PRESENT:**

Frank Haltom, Secretary/Treasurer (Alternate, Prince George)  
George Hayes, (Alternate, Chesterfield)  
Lionel Lyons, (Alternate, Petersburg)  
Scott Morris, (Alternate, Chesterfield)

**OTHERS PRESENT:**

Alec Brebner, (Executive Director, Crater Planning District)  
Andrew Barnes, (Petersburg)

**ABSENT:**

Percy Ashcraft, (Prince George)  
Todd Flippen, (Alternate, Colonial Heights)

The ARWA meeting was called to order by Mr. Smith, Chairman, at 2:02 p.m.

**1. Call to Order/Roll Call**

The roll was called:	Doug Smith	Present
	Kevin Massengill	Present
	Joseph Casey	Present
	Frank Haltom	Present
	Aretha Ferrell-Benavides	Present

**2. Approval of Minutes: Minutes of the Regular Meeting of the Board on September 10, 2020**

Upon a motion by Dr. Casey and seconded by Mr. Massengill the following resolution was adopted:

**RESOLVED, that the Minutes of the Regular Meeting of the Board on November 19, 2020 are hereby approved:**

**For: 5      Against: 0      Abstain: 0**

**3. Public Comment**

There were no Public Comments.

**4. Executive Director’s Report:**

• **Proposed Salary Adjustment Request**

Mr. Wilson reported on the proposed salary adjustment request. He stated we are recommending the \$1,000 bonus and 3% merit increase for all full-time staff. The bonus was based on the financial benefits of telecommuting and not having the flexibility and other benefits of working a set schedule and supporting daily activities. He stated on the merit side we were rewarding for commitment, loyalty and being essential personnel. He further stated we did get some feedback from two of the participating members that the 3% was a little high.

Mr. Haltom asked if everyone would get the merit increase of 3%. Mr. Wilson replied the numbers we put in the memo were for the entire workforce to receive it. Dr. Casey stated he could approve a \$1,000 bonus but he could not approve a merit more than what Chesterfield gave their employees. Dr. Casey stated that Chesterfield County will be engaging in a salary study in the future and that the authorities are welcome to participate in said studies. Dr. Casey also stated that he understands that the Executive Director has the discretion to make market adjustments and targeted salary changes without involving the board as long as it does not have a budget impact that requires board approval. Mr. Haltom stated 2% would be something Prince George would be more amenable to. Mr. Smith suggested meeting in the middle at 2.5% for the merit increase. Mr. Massengill and Ms. Ferrell-Benavides supported the 2.5% merit increase.

Upon a motion made by Ms. Ferrell-Benavides and seconded by Mr. Haltom the following resolution was adopted:

**RESOLVED, that the Board approves staff recommendation of a onetime bonus of \$1,000 and modify the merit increase to 2.5%:**

**Vote:**

<b>Doug Smith</b>	<b>Aye</b>
<b>Kevin Massengill</b>	<b>Aye</b>
<b>Joseph Casey</b>	<b>Aye</b>
<b>Frank Haltom</b>	<b>Aye</b>
<b>Aretha Ferrell-Benavides</b>	<b>Aye</b>

**Absent During Vote:** **None**

- **Proposed FY21/22 Budget Presentation**

Mr. Wilson presented the proposed FY21/22 Budget. He stated we presented the Budget and the Budget Narrative to the Utility Directors via teleconference on December 9, 2020. The reason the Budget Narrative, which is included in the Board package, has revision dates is we included comments from the Utility Directors and the revisions reflect the dates those comments were added. He stated, the Utility Directors agreed upon the splits, the values used to calculate the five-year running averages, and how we distribute the debt service. He also stated there is a three percent merit increase for employees. We are proposing a couple of line items which are in the replacement fund for vehicles and equipment. He stated we are suggesting that we could fund those line items annually and put a placeholder in the ongoing budget to accumulate these funds. The funds in this account will be spent per an internal replacement schedule that was used to develop the annual funding for these line items, vehicles, and equipment. There were some questions that had come up on the financial policies, and as we said last March, each March we will take that opportunity to present the financial policies. We have some questions we need to address from Chesterfield. The financial policies and Chesterfield's questions will be presented and addressed at the March 18<sup>th</sup> meeting.

We are recommending taking the PAC Feed System out of the replacement schedule. We are taking this project out because PFAS and PFOS were not found in either Chesterfield's or the City of Colonial Heights' distribution system during voluntary testing. We also are going to request some further direction on the Branders Bridge Tank and Pump Station which we are still showing in the five-year projections. He also stated we want to keep the VWP Permit renewal on the radar. He further stated we needed to consider setting a public hearing date. Dr. Casey asked what their rate increase was, and Mr. Wilson stated it was on the revenue page 24 of 37. The proposed increase to Chesterfield is 0%. Dr. Casey asked if these amounts were based upon what Chesterfield had said they were going to consume or what last year's consumption was, and Mr. Wilson replied it is the five-year running average. The current year will be higher with the temporary shutdown of the Addison-Evans Water Plant.

Dr. Casey stated when the other projects out there are included in the five-year CIP, it gives us an expectation. Mr. Wilson suggested the Brander's Bridge Pump Station and tank stay in the five-year projections and the Board consider having further discussions in the future for this project. Dr. Casey commented on the amount of the reserves. Mr. Wilson advised that Mr. Hayes has brought some questions to his attention and he will have the appropriate responses for discussion at the next meeting.

There was some more discussion on the outlying projects in the five-year projections. Mr. Wilson acknowledged that these projects would require future discussion and suggested keeping them on the radar. The budget is approved on an annual basis and the outlying projects are shown to assist with determining rates for each member's rate models. Mr. Smith commented it is good to have it on the radar screen. Mr. Smith also asked for a consensus from the members that staff would advertise the FY22 Budget as presented and the members would use the time between the January and March meetings to gain a better understanding of how their localities would be budgeting and bring back with them any questions/comments/suggestions during the March meeting.

Upon a motion made by Mr. Massengill and seconded by Ms. Ferrell-Benavides the following resolution was adopted:

**RESOLVED, that the Board approves the Resolution of the Appomattox River Water Authority providing preliminary approval of the Budget for Fiscal Year 2021/2022 and the related payment schedule and set a public hearing date of March 18<sup>th</sup> at 2:00 pm:**

**Vote:**

<b>Doug Smith</b>	<b>Aye</b>
<b>Kevin Massengill</b>	<b>Aye</b>
<b>Joseph Casey</b>	<b>Aye</b>
<b>Frank Haltom</b>	<b>Aye</b>
<b>Aretha Ferrell-Benavides</b>	<b>Aye</b>

**Absent During Vote:** **None**

- **Six Month Work Plan Update**

Mr. Wilson reported on the six months work plan update.

- **Status Report**

Mr. Wilson reported on the Status Report. He stated the next meeting is scheduled for Thursday, March 18, 2021 and requested the meeting location be changed from SCWWA to ARWA. The reason for the location change is to provide the appropriate meeting space for social distancing and public participation. The Board agreed to have the next meeting at the Appomattox River Water Authority and advised the executive director to provide the necessary notifications of the meeting location.

Mr. Wilson stated ARWA’s Board package is posted on the website, but SCWWA’s did not get posted due to website administrator, Richard Carden with Virginia Engineer, passing away on Thursday.

Dr. Casey expressed concerns about how many people may show up at the public hearing at the March meeting, and Mr. Wilson stated ARWA does have an over-flow room upstairs with a Zoom meeting set up to accommodate if more people came in than the board room can adequately space. He further stated we will put in the advertisement that if people are coming to please let us know so we can get a head count. Mr. Smith suggested a notation that public comments are welcomed to be submitted by email and these comments will be provided to the Board prior to the meeting.

Mr. Wilson discussed the Prince George Meter Vault Replacement. He stated when the Board approved the construction project, a 10% contingency was included in the project amount. Conflicts have been determined by the field location of underground power lines that were not originally marked. A change order to move the power lines and move the valve vault will exceed the 10% contingency. Mr. Smith asked Mr. Wilson to outline his request for additional funds. Mr. Wilson replied we are requesting \$33,000, including another \$10,000 in contingency, and the rest of that \$32,135 is a hard number for the change order presented by the contractor.

Upon a motion made by Mr. Haltom and seconded by Mr. Massengill the following resolution was adopted:

**RESOLVED, that the Board authorizes the additional \$33,000 in funding for the Prince George Meter Vault project:**

**Vote:**

<b>Doug Smith</b>	<b>Aye</b>
<b>Kevin Massengill</b>	<b>Aye</b>
<b>Joseph Casey</b>	<b>Aye</b>
<b>Frank Haltom</b>	<b>Aye</b>
<b>Aretha Ferrell-Benavides</b>	<b>Aye</b>

**Absent During Vote:** **None**

- **Annual Flushing Notice**

Mr. Wilson reported on the Annual Flushing Notice. Ms. Wilkins will be sending the notice out by email to each member.

- **Financials**

Ms. Wilkins reported on the Financials. She stated that in January it was a smooth transition between Mr. Hayes and Mr. Haltom with the Secretary/Treasury change on the Board of Directors.

**5. Items from Counsel**

There were no items from Counsel.

**6. Closed Session**

Mr. Anderson read the Resolution to go into Closed Session (attached).

Upon a motion made by Ms. Ferrell-Benavides and seconded by Mr. Massengill the Board went into Closed Session at 2:55 p.m.

**For: 5      Against: 0      Abstain: 0**

Upon a motion made by Mr. Massengill and seconded by Mr. Haltom the Board came out of Closed Session at 3:09 p.m.

Mr. Anderson read the Certification regarding the Closed Session and, upon a motion made by Mr. Massengill and seconded by Mr. Haltom, it was approved by a unanimous roll call vote (attached).

**Vote:**

<b>Doug Smith</b>	<b>Aye</b>
<b>Kevin Massengill</b>	<b>Aye</b>

Joseph Casey  
Frank Haltom  
Aretha Ferrell-Benavides

Aye  
Aye  
Aye

Absent During Vote:

None

**7. Other Items from Board Members/Staff Not on Agenda**

Mr. Smith stated Ms. Ferrell-Benavides is preparing to leave the Board. He read a Resolution in recognition of her outstanding service.

Upon a motion by Mr. Massengill and seconded by Mr. Haltom the following resolution was adopted:

**RESOLVED, that the Board approves the attached Resolution in recognition of Ms. Ferrell-Benavides outstanding service on the Appomattox River Water Authority Board of Directors:**

For: 4 Against: 0 Abstain: 0

Ms. Ferrell-Benavides thanked everyone and stated it has been a pleasure serving on this Board. She further stated that Mr. Lyons would be taking over her seat on the Board. She stated that today is a big day as Petersburg announced their \$125 million pharmaceutical expansion.

**8. Adjourn**

Mr. Smith stated, if there is no other business, and asked for motion to adjourn.

Upon a motion by Mr. Massengill and seconded by Dr. Casey the meeting was adjourned at 3:15 p.m.

MINUTES APPROVED BY:

\_\_\_\_\_  
Frank Haltom  
Secretary/Treasurer

## RESOLUTION

WHEREAS, on July 19, 2017, Ms. Aretha Ferrell-Benavides was appointed to the Board of the Appomattox River Water Authority Board of Directors, and;

WHEREAS, Ms. Ferrell-Benavides served on the Board of the Appomattox River Water Authority for over three years, and;

WHEREAS, Ms. Ferrell-Benavides took control of a fiscally stressed city and utility department, and;

WHEREAS, Ms. Ferrell-Benavides' foresight and ability to make tough decisions has created a belief in our mission, taking a risk and offering invaluable leadership and support on matters of importance, and;

WHEREAS, Ms. Ferrell-Benavides successfully brought both the City and utility department back to a positive cash flow with an increasing bond rating, and;

WHEREAS, with Ms. Ferrell-Benavides' positive attitude, management style, and oversight has kept the City current, progressive and in a position for future success, and;

WHEREAS, the Board of Directors wishes to recognize Ms. Ferrell-Benavides for her service and her dedication;

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Appomattox River Water Authority, by unanimous vote this 21<sup>st</sup> day of January 2021, hereby recognizes and commends Ms. Ferrell-Benavides on her service on the Appomattox River Water Authority Board of Directors as representative for the City of Petersburg.

BE IT FURTHER RESOLVED, that a copy of this RESOLUTION be incorporated into the Minutes of the Board of the Appomattox River Water Authority and a copy be presented to her.

**CLOSED MEETING RESOLUTION**

**APPOMATTOX RIVER WATER AUTHORITY**

**January 21, 2021**

I move that we go into a closed meeting for discussion and consideration of the performance and salaries of specific public officers of the Authority, specifically regarding the Executive Director's annual review, as permitted by Section 2.2-3711A.1. of the Virginia Freedom of Information Act ("FOIA"):

MOTION: Ferrell-Benavides

SECOND: Massengill

VOTE

Haltom	Aye
Casey	Aye
Ferrell-Benavides	Aye
Massengill	Aye
Smith	Aye

ABSENT DURING VOTE: None.

ABSENT DURING CLOSED MEETING: None.

SESSION DATE: January 21, 2021

**CERTIFICATION OF CLOSED MEETING**

WHEREAS, the Board of the Appomattox River Water Authority (the “Authority”) convened a closed meeting on January 21, 2021, pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law;

NOW THEREFORE, BE IT RESOLVED that the Board of the Authority hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by the Virginia Freedom of Information Act were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board.

MOTION: Massengill

SECOND: Haltom

VOTE

Haltom	Aye
Casey	Aye
Ferrell-Benavides	Aye
Massengill	Aye
Smith	Aye

ABSENT DURING VOTE: None.

ABSENT DURING CLOSED MEETING: None.





APPOMATTOX RIVER WATER AUTHORITY  
21300 Chesdin Road  
Petersburg, VA 23803



SOUTH CENTRAL WASTEWATER AUTHORITY  
900 Magazine Road  
Petersburg, VA 23803

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## **GUIDELINES FOR PUBLIC COMMENT AT SCWWA/ARWA BOARD OF DIRECTORS MEETINGS**

If you wish to address the SCWWA/ARWA Board of Directors during the time allocated for public comment, please raise your hand or stand when the Chairman asks for public comments.

Members of the public requesting to speak will be recognized during the specific time designated on the meeting agenda for "Public Comment Period." Each person will be allowed to speak for up to three minutes.

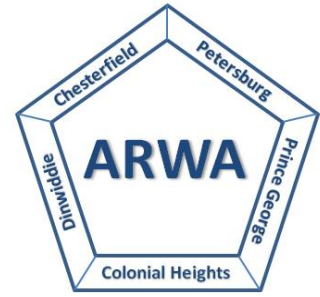
When two or more individuals are present from the same group, it is recommended that the group designate a spokesperson to present its comments to the Board and the designated speaker can ask other members of the group to be recognized by raising their hand or standing. Each spokesperson for a group will be allowed to speak for up to five minutes.

During the Public Comment Period, the Board will attempt to hear all members of the public who wish to speak on a subject, but it must be recognized that on rare occasion presentations may have to be limited because of time constraints. If a previous speaker has articulated your position, it is recommended that you not fully repeat the comments and instead advise the Board of your agreement. The time allocated for speakers at public hearings are the same as for regular Board meeting, although the Board can allow exceptions at its discretion.

Speakers should keep in mind that Board of Directors meetings are formal proceedings and all comments are recorded on tape. For that reason, speakers are requested to speak from the podium and wait to be recognized by the Chairman. In order to give all speakers proper respect and courtesy, the Board requests that speakers follow the following guidelines:

- Wait at your seat until recognized by the Chairman;
- Come forward and state your full name and address. If speaking for a group, state your organizational affiliation;
- Address your comments to the Board as a whole;
- State your position clearly and succinctly and give facts and data to support your position;
- Summarize your key points and provide the Board with a written statement or supporting rationale, when possible;
- If you represent a group, you may ask others at the meeting to be recognized by raising their hand or standing;
- Be respectful and civil in all interactions at Board meetings;
- The Board may ask speakers questions or seek clarification, but recognize that Board meetings are not a forum for public debate; Board Members will not recognize comments made from the audience and ask that members of the audience not interrupt the comments of speakers and remain silent while others are speaking so that other members in the audience can hear the speaker;
- The Board will have the opportunity to address public comments after the Public Comment Period has been closed;
- At the request of the Chairman, the Executive Director may address public comments after the session has been closed as well; and
- As appropriate, staff will research questions by the public and respond through a report back to the Board at the next regular meeting of the full Board. It is suggested that citizens who have questions for the Board or staff submit those questions in advance of the meeting to permit the opportunity for some research before the meeting.

# Appomattox River Water Authority



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21300 Chesdin Rd. - S. Chesterfield, VA 23803 - Phone (804) 590-1145 - Fax (804) 590-9285

## EXHIBIT C

TO: Appomattox River Water Authority Board of Directors

FROM: Robert B. Wilson, P.E., Executive Director  
James C. Gordon, Assistant Executive Director

DATE: March 18, 2021

SUBJECT: Fiscal Year 2021-22 Proposed Budget

At the January 21, 2021 meeting we presented the proposed FY2021-22 budget for consideration. A copy of the budget narrative and proposed budget from the January presentation is included as Attachment #1. At the same meeting the Board approved a resolution authorizing staff to advertise the budget and set a public hearing date of March 18, 2021. A copy of the resolution accepting the proposed budget and authorizing advertisement is included as Attachment #2.

At the January 21<sup>st</sup> budget presentation there was concern over some of the outlying projects in the five year projection. The Branders Bridge Pump Station and Tank is illustrated in FY2025-26. This project is included in the proposed debt service that would start in FY2025-26. To re-emphasize, the details, approval, and financing for this proposed project have not been determined. For planning purposes it was decided to keep this project in the budget on the radar for future discussion and resolution.

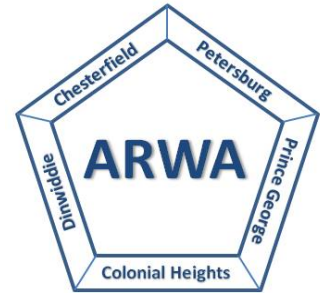
The proposed FY2021-22 budget was advertised in the Progress Index on February 18<sup>th</sup> and March 3<sup>rd</sup>. A copy of the advertisement is included as Attachment #3. In addition, the budget advertisement was posted on the bulletin board outside the Administration Building, the new bulletin board outside the black gate on Chesdin Road and the website homepage. The advertisement also included contact information for citizens to submit questions and comments electronically. As of the preparation of the agenda package we have not received any questions or comments electronically.

A copy of the FY2021/22 proposed budget is included as Attachment #4.

### **Board action requested:**

Staff requests the Board review the proposed FY2021-22 budget, conduct the public hearing on March 18, 2021 as advertised, discuss any comments presented and take action based on the Board's findings from the public hearing. Staff's recommendation is approval of the FY2021-22 budget as illustrated in Attachment #4. If the board is in a position to approve the budget as presented, a board resolution is attached for review (attachment #5).

# Appomattox River Water Authority



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21300 Chesdin Rd. - S. Chesterfield, VA 23803 - Phone (804) 590-1145 - Fax (804) 590-9285

## Attachment 1

TO: Appomattox River Water Authority Board of Directors

FROM: Robert B. Wilson, Executive Director  
James C. Gordon, Assistant Executive Director

DATE: January 21, 2021

SUBJECT: Proposed FY21/22 Budget

We presented the proposed FY21/22 Budget to the participating member utility directors via teleconference on December 9, 2020. Prior to the meeting, we provided the utility directors with the Proposed FY21/22 Budget Narrative and budget spreadsheets, Attachment A and Attachment B, respectively. The reason the Budget Narrative has revision dates is that we have included input from the utility directors from additional thoughts after the presentation.

The Budget Narrative provides much of the detail for the below points. However, from our discussion with the utility directors, we wanted to emphasize the following points to the Board:

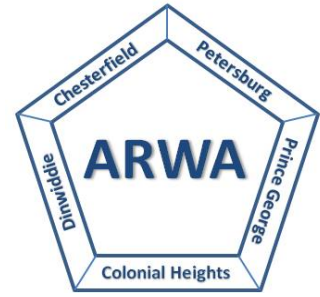
- The budget is divided into operating and maintenance costs, replacement fund costs, and debt service. Each participating jurisdiction is responsible for a pro rata share of the operating and maintenance costs and replacement fund costs. The pro rata share for O&M costs and replacement fund costs is calculated from the previous five year running average for each participating jurisdiction. The percentages presented for the pro rata shares were accepted by the group.
- The 2012 Issuance and 2017 Issuance (bonds) cost to each participating member is the pro rata share for the five year running average for water purchased from the plant. The 2019 Issuance was broken down as 45.62% for expansion and 54.38% for operating. The formal breakdown for the 2019 Issuance by participating jurisdiction is outlined in the Budget Narrative.
- A 3% merit salary adjustment is requested. Not all utility directors were supportive of this increase. This will require further Board direction.
- We are proposing to set up accumulating line items for vehicle and maintenance equipment replacement. The idea is to accumulate funds annually to try to reduce large rate increases. A question was raised if this type of financing was acceptable for a "Trust". We did review this question with legal counsel and were advised we could set these funds up if the Board approved.

- We are recommending removing the PAC feed system. This system was included in the budget (outlying years) to address PFOS and PFAS. The Commonwealth is developing a report for these contaminants and should be complete by December 2021. Preliminary testing by two members did not find any of these contaminants in their distribution system. Furthermore, there are no industries located on Lake Chesdin.
- We are maintaining a placeholder for the Branders Bridge Tank and Pump Station. This project may be necessary to maximize the flow through the north leg of the transmission system serving the City of Colonial Heights, Prince George County, and the eastern portion of Chesterfield County. There are a lot of details to be discussed and considered. Two members are also considering separate, additional water plants on the lower Appomattox River that would reduce the need for this project. We are not at the point to make a recommendation on how to fund this project between the participating members, but we want to keep it on the radar.
- The Board will need to consider if the Authority should begin collecting funds in the future for the transmission rehabilitation/replacement. A decision does not need to be made with the current budget process.
- The VWP permit for the reservoir requires renewal in 2028. We will approach DEQ in 2026 to begin the renewal process. The last renewal cost about \$1.0 million for supporting evaluations and studies, and was funded out of the operating budget. This will also dovetail into what Krueger decides to do with their power production facility at the dam. In the current lease agreement, the Authority has to decide by January 1, 2026 if we want to renew the lease past 2032.
- The spreadsheets include a section, last page, with the changes from the previous year and the proposed increases for the next five years for planning.

**Board Action Requested:**

Staff requests Board approval to advertise the proposed FY2021/2022 Budget and set a public hearing for the budget at the March 18, 2021 Board of Directors meeting. Final Board consideration on the budget will be requested at the May 20, 2021 Board of Directors meeting.

# Appomattox River Water Authority



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21300 Chesdin Rd. - S. Chesterfield, VA 23803 - Phone (804) 590-1145 - Fax (804) 590-9285

TO: Appomattox River Water Authority Board Utility Directors

FROM: Robert B. Wilson, Executive Director  
James C. Gordon, Assistant Executive Director

DATE: December 9, 2020 (presented to utility directors)  
December 14, 2020 (revision 1)  
December 21, 2020 (revision 2)

SUBJECT: Proposed FY21/22 Budget Narrative

The budget is divided into operating and maintenance costs, replacement fund costs, and debt service. Each participating jurisdiction is responsible for a pro rata share of the operating and maintenance costs and replacement fund costs. The pro rata share for O&M costs and replacement fund costs is calculated from the previous five year running average for each participating jurisdiction.

The pro rata shares used to develop the O&M costs and replacement fund costs for FY21/22 are:

- Chesterfield County 71.394%
- City of Colonial Heights 5.721%
- Dinwiddie County 3.987%
- City of Petersburg 16.397%
- Prince George County 2.502%

The debt service for each participating jurisdiction is calculated as follows:

- 2012 Issuance – Each participating jurisdiction’s pro rata share is calculated by the previous five year running average for water purchased from the plant.
- 2017 Issuance – Each participating jurisdiction’s pro rata share is calculated by the previous five year running average for water purchased from the plant.
- 2019 Issuance – This issuance refinanced the 2010 Issuance. The 2019 Issuance debt service was broken down the same as the 2010 Issuance it replaced, 45.62% for expansion and 54.38% for operating. The expansion part of the annual debt service, 45.62%, is distributed between the participating jurisdictions as follows:

- Chesterfield County – 7.87%. The reason that Chesterfield pays such a small percentage towards the expansion portion of this issuance is that they paid most of their portion in cash.
- City of Colonial Heights – 5.76%.
- Dinwiddie County – 57.58%. The reason for Dinwiddie’s high percentage is that they borrowed 100% of their portion of the expansion piece of the bond.
- City of Petersburg – 0%. The City did not participate in the expansion piece of the bond.
- Prince George County – 28.79%. Similarly, to Dinwiddie, Prince George financed their entire portion of the expansion piece.

The remaining portion of the 2019 issuance, 54.38%, is divided between the participating jurisdictions on a pro rata share based on their previous five year running average.

The main factor that has a direct influence on the five year running average is rain. The higher the amount of rain, the lower the irrigation demand and the lower the consumption, water purchased. Conversely, the lower the amount of rain, the higher the irrigation demand and the higher the consumption. The next leading factor would be growth and economic development.

For the proposed FY21/22 Budget the operating and maintenance costs and replacement fund costs are developed by meeting with staff, setting priorities, and using real estimates. The proposed budget includes a 3% merit salary adjustment.

On the replacement fund side, we are proposing to add some accumulating line items. We propose to set up these accounts in the Local Government Investment Pool (LGIP) where they will also accrue interest. To assist with “leveling” the rates, we propose to set up replacement fund line items to accumulate funds over time for motor vehicles and maintenance equipment.

A schedule has been developed for replacing plant vehicles and equipment such as tractors, telescopic forklifts, etc. We propose to fund these line items, 58060 Motors Vehicles and 58065 Maintenance Equipment, annually and then purchase said equipment per our replacement schedule. This way we do not add or subtract from this capital line item and artificially inflate or deflate rates between years.

The remaining replacement purchases are outlined on the replacement fund schedule. For FY21/22 we are continuing to replace filter actuators and valves, replace outdated venturis on the outlet side of the filters – in house at four per year, and replace end of life PLC’s. We are also proposing to begin replacing the single pane windows in the filter gallery and make dock improvements with boat lifts to leave the boats accessible year round.

Under the “Construction Fund” Section we identify the debt service payments and proposed large capital projects that will require debt service borrowings. The large capital projects are highlighted in red. There are four placeholder projects in the Construction Fund Section:

1. PAC Feed System – This would be a regulatory driven project. The Commonwealth is currently working on limits for PFAS and PFOS. The report is due to the General Assembly in December 2021. This project was being added to address the removal of these contaminants if they are found to be in our source water. There has been initial testing in the Chesterfield and Colonial Heights distribution systems where neither PFAS nor PFOS was detected. The estimated cost for this chemical addition is \$2.5 million. **Since neither Chesterfield County nor the City of Colonial Heights detected any PFAS or PFOS in their distribution systems and there are no manufacturing facilities located around Lake Chesdin, we have removed this project from the CIP.**
2. Rebuild Filters 1-8 – This project rebuilds the original filters including replacing the underdrains. The estimated cost is \$5.5 million.
3. Lagoon Liners – This would be a regulatory driven project. We currently have a VPDES permit for the lagoon discharge to the Appomattox River below the dam. As part of this permit staff is required to monitor groundwater wells around the lagoons to determine if water in the lagoons may be leaching into the groundwater. Preliminary well samples indicate the lagoons are not tight. With that being said, we anticipate that DEQ will require some type of groundwater remediation as well as line the existing lagoons. From a constructability standpoint, we will have to create a third lagoon for operations while we make the improvements to the two existing lagoons. The estimated cost for this project is \$8.0 million. The timing for this project is based on the VPDES permit renewal, April 2023. As part of the permit renewal, we anticipate being required to complete the improvements by the end of that permit cycle, April 2028.
4. Branders Bridge Tank and Pump Station – This project has been discussed, debated, and mediated. Currently the project is on hold. To maximize the amount of water we can push through the eastern leg of the transmission system with the existing infrastructure this project is necessary. This project could directly benefit all five participating jurisdictions. This will be contingent on how the ground tanks are piped with respect to the transmission system. At first glance, one suggestion would be for the City of Colonial Heights and Prince George County pay for the water pump station and all other participating jurisdictions fund the ground tank(s). The estimated total project cost for this project is \$5.0 million. **The method for cost distribution, timing, and if this project moves forward will need to be discussed further.**

The remaining four projects showing appropriations, without detail in the CIP, are to build a fourth clear well and then replace and/or parallel four sections of the transmission system. From a planning perspective, these projects fall outside the five and ten year planning window. However, we wanted to keep them on the horizon and illustrate the magnitude of the proposed costs so that the participating jurisdictions can discuss these projects further. With the magnitude of these costs, the Board may want to start a Rate Stabilization Fund and collect funds annually to offset this large expense in the future. Similarly, this fund could be set up in the LGIP. These projects will be influenced by one and/or two of the participating jurisdictions developing additional water supplies on the Appomattox River.

The transmission system was originally installed in 1969 which makes it fifty-one years old. Recent coupons from wet taps show that the transmission mains are in excellent shape. There are no signs of the concrete lining failing nor pitting of the ductile pipe walls. The existing transmission system should have a remaining useful life of another thirty to forty years.

One more project, not illustrated in the budget, is the renewal for the VWP permit for the reservoir in 2028. We will approach DEQ in 2026 to determine what studies and reports are necessary to support the renewal of the permit. For the last permit renewal, the studies and reports cost approximately \$1.0 million. Therefore, we would anticipate adding \$500,000 to the operating budget in FY26/27 and FY27/28.

Future considerations for additional raw water capacity improvements at the Brasfield Dam will need to be considered in conjunctions with the forty-year license agreement with Krueger. The current agreement expires January 31, 2032. In the First Amendment that was recorded in 2016 it states that the Authority will decide by January 1, 2026 if the license agreement will be renewed. If the Authority decides to renew the license agreement, Krueger has until January 31, 2027 to begin the pre-application process for the FERC license renewal, five years ahead of the FERC license expiration date of January 31, 2032. Krueger also has the option to let the license expire and give the facilities to the Authority or consider selling the assets to the Authority prior to the January 31, 2032 expiration date.

At the bottom of the budget, we have added a “Total Replacement and Construction Budget” section. This section totals the amount of replacement fund projects and debt service. The reason we added this section was to show this total for both replacement fund projects and debt service and highlight how we are trying to minimize increases.

To assist participating jurisdictions with determining the Authority’s impact on budgets and looking at their future rates we included a section on estimated rates for the next five years. For these future estimates, we increased the operating expenses annually by 3%, did not inflate the replacement fund costs, and used debt service values from the respective payment schedules. For the five year projections, the most significant increase is slated for FY25/26, 7%. The three main influences for the FY25/26 budget increase are new projects that include rebuilding original filters, lining the sludge lagoons and building the Branders Bridge Pump Station and Ground Tank.



**APPOMATTOX RIVER WATER AUTHORITY**

Proposed: January 21, 2021

Approved:

Revised:

Revision Approved:

**PROPOSED OPERATION & MAINTENANCE BUDGET 2021/2022**

	<b><u>2020/2021</u></b> <b><u>Revised</u></b> Budget	<b><u>FY2021/2022</u></b> Budget	<b>Increase/ (Decrease)</b> FY20/21 to FY21/22
<b>O&amp;M EXPENSES</b>			
<b>41000 · Salary</b>	<b>\$1,700,000</b>	<b>\$1,836,000</b>	<b>\$136,000</b>
<b>42000 · Employee Benefits</b>	<b>\$760,200</b>	<b>\$754,100</b>	<b>-\$6,100</b>
42100 · Employer FICA	\$131,000	\$137,000	\$6,000
42200 · Virginia Retirement System	\$97,000	\$90,000	-\$7,000
42210 - Deferred Comp 457	\$7,500	\$0	-\$7,500.00
42300 · Hospitalization Insurance	\$493,100	\$490,000	-\$3,100
42400 · VRS Group Life Insurance	\$22,000	\$22,000	\$0.00
42500 · Group Term Life	\$2,100	\$2,100	\$0.00
42600 · Unemployment Insurance	\$2,000	\$1,000	-\$1,000.00
42800 · Employee Promotions	\$3,500	\$10,000	\$6,500.00
42900 · Other Fringe Benefits - EAP	\$2,000	\$2,000	\$0.00
42950 · OPEB Health Insurance Adj	\$0	\$0	\$0.00
42952 · Net Pension Adjustment			
<b>43000 · Contractual Services</b>	<b>\$1,188,000</b>	<b>\$1,049,500</b>	<b>-\$138,500</b>
43121 · Auditing Services	\$8,000	\$8,000	\$0.00
43122 · Accounting Services	\$16,000	\$16,000	\$0.00
43130 · Legal/Engineering and Reservoir Studies	\$100,000	\$50,000	-\$50,000.00
43140 · Consulting Engineers	\$85,000	\$85,000	\$0.00
43150 · Legal Services	\$75,000	\$75,000	\$0.00
43152 · Medical - Testing	\$2,500	\$2,500	\$0.00
43155 · Other Consulting Services	\$15,000	\$0	-\$15,000.00
43156 · Admin and Maintenance Svc-SCWWA	\$0	\$0	\$0.00
43160 · Trustee Services	\$9,500	\$12,000	\$2,500.00
43162 - Bank Service Charges	\$2,500	\$1,500	-\$1,000.00
43170 · Research	\$17,500	\$17,500	\$0.00
43180 · Potable Water Contract	\$510,000	\$450,000	-\$60,000.00
43190 · Samples and Tests	\$40,000	\$40,000	\$0.00
43200 · Lake Patrol	\$4,000	\$4,000	\$0.00
43201 · Reservoir Management - Invasive Control Program	\$50,000	\$50,000	\$0.00
43210 · Software Support	\$40,000	\$40,000	\$0.00
43220 · VPDES Permit Fee	\$30,000	\$15,000	-\$15,000.00
43310 · Repair Services	\$25,000	\$25,000	\$0.00
43320 · Service Contracts	\$125,000	\$125,000	\$0.00
43500 · Printing and Binding	\$3,000	\$3,000	\$0.00

43600 · Grounds Maintenance	\$30,000	\$30,000	\$0.00
<b>45000 · Other Charges</b>	<b>\$1,055,700</b>	<b>\$1,067,000</b>	<b>\$11,300</b>
45110 · Electricity - Pumping	\$500,000	\$500,000	\$0.00
45111 · Electricity - Purification	\$275,000	\$275,000	\$0.00
45120 · Heating Fuel	\$65,000	\$50,000	-\$15,000.00
45130 · Trash Pickup	\$5,500	\$5,500	\$0.00
45210 · Postal Services	\$1,200	\$1,500	\$300.00
45220 · Freight	\$15,000	\$20,000	\$5,000.00
45230 · Telecommunications	\$35,000	\$35,000	\$0.00
45308 · General Liability Insurance	\$96,000	\$100,000	\$4,000.00
45410 · Lease/Rent of Equipment	\$20,000	\$25,000	\$5,000.00
45510 · Mileage Allowance			\$0.00
45530 · Meals and Lodging	\$5,000	\$5,000	\$0.00
45540 · Education and Training	\$20,000	\$25,000	\$5,000.00
45550 · Safety Supplies	\$18,000	\$25,000	\$7,000.00
<b>46000 · Materials and Supplies</b>	<b>\$2,802,000</b>	<b>\$2,794,000</b>	<b>-\$8,000</b>
46001 · Office Supplies	\$12,000	\$12,000	\$0.00
46004 · Laboratory Supplies	\$75,000	\$77,000	\$2,000.00
46005 · Purification Chemicals	\$2,300,000	\$2,300,000	\$0.00
46006 · Purification Process and Janitorial Supplies	\$25,000	\$15,000	-\$10,000.00
46007 · Repair & Maint Supplies-Shop	\$115,000	\$115,000	\$0.00
46008 · Vehicle and Equipment Fuels	\$25,000	\$25,000	\$0.00
46009 · Vehicle and Equipment Supplies	\$20,000	\$20,000	\$0.00
46010 · Equipment Parts and Small Equipment Purchases	\$55,000	\$55,000	\$0.00
46011 · Uniforms	\$10,000	\$15,000	\$5,000.00
46012 · Dues and Subscriptions	\$25,000	\$25,000	\$0.00
46014 · Repair & Maint Supplies-IT	\$125,000	\$125,000	\$0.00
46015 · Small Equipment Purchases	\$0	\$0	\$0.00
46016 · Operations Supplies and Maintenance	\$15,000	\$10,000	-\$5,000.00
<b>Total Operating Expenses</b>	<b>\$7,505,900</b>	<b>\$7,500,600</b>	<b>(\$5,300)</b>
<b>58000 · Replacement Fund Budget</b>	<b>\$1,172,500</b>	<b>\$1,198,000</b>	<b>\$25,500</b>
Debt - 2010 Issue (Refunded as 2019 series)	\$451,220	\$0	(\$451,220)
Debt - 2012 Issue	\$301,636	\$302,013	\$377
Debt - 2017 Issue	\$1,080,517	\$1,080,414	(\$103)
Debt - 2019 Issue (2010 Refunded)	\$257,283	\$705,940	\$448,657
<b>Total Debt</b>	<b>\$2,090,656</b>	<b>\$2,088,367</b>	<b>(\$2,290)</b>
<b>Reserve Policy</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Expenses</b>	<b>\$10,769,056</b>	<b>\$10,786,967</b>	<b>\$17,911</b>

**APPOMATTOX RIVER WATER AUTHORITY  
Replacement Fund Budget - 58000  
FY21/22**

Acct#	Current Budget 20/21	Proposed Budget 21/22	INFORMATIONAL & PLANNING									
			22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
58010 - Machinery and Motors-Process	\$ 520,000	\$ 179,000	\$ 179,000	\$ 130,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
58020 - Instrumentation	\$ 40,000	\$ 281,000	\$ 90,000	\$ 100,000	\$ 90,000	\$ 45,000	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000	\$ -
58030 - SCADA	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
58040 - Computer Equipment	\$ 12,500	\$ -	\$ -	\$ -	\$ 12,000	\$ 13,500	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ 13,500
58050 - Furniture and Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
58060 - Motor Vehicles	\$ -	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000
58065 - Maintenance Equipment	\$ -	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000
58090 - Construction	\$ 350,000	\$ 640,000	\$ 800,000	\$ 850,000	\$ 1,050,000	\$ 350,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
<b>TOTALS:</b>	<b>\$ 1,172,500</b>	<b>\$ 1,198,000</b>	<b>\$ 1,167,000</b>	<b>\$ 1,178,000</b>	<b>\$ 1,350,000</b>	<b>\$ 616,500</b>	<b>\$ 323,000</b>	<b>\$ 198,000</b>	<b>\$ 198,000</b>	<b>\$ 235,000</b>	<b>\$ 296,500</b>	

NOTE: FY 21/22 REPLACEMENT FUND BUDGET TO BE APPROVED WITH BUDGET

**Construction Fund (Capital Projects)  
FY21/22**

Project Cost Estimate	Budget	Proposed Budget	INFORMATIONAL & PLANNING									
			22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
ITEM	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
2012 Bond	\$ 301,636	\$ 302,103	\$ 302,322	\$ 302,293	\$ 302,016	\$ 302,475	\$ 301,671	\$ 301,604				
2017 Bond	\$ 1,080,516	\$ 1,080,414	\$ 1,080,795	\$ 1,080,648	\$ 1,079,973	\$ 1,080,744	\$ 1,080,936	\$ 1,080,550	\$ 1,080,572	\$ 1,079,991	\$ 1,080,781	
2019 Bond (2010 Rebonding)	\$ 708,503	\$ 705,940	\$ 704,760	\$ 703,011	\$ 705,495	\$ 706,888	\$ 712,224	\$ 701,702	\$ 705,204	\$ 702,762	\$ 699,439	
Rebuild Filters 1-8	\$ 5,500,000					\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	
Lagoon Liners	\$ 8,000,000					\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558	
Branders Tank and Pump Station	\$ 5,000,000					\$ 367,849	\$ 367,849	\$ 367,849	\$ 367,849	\$ 367,849	\$ 367,849	
Clearwell #4												
Pickett Rd												
Matoaca Tank												
Branders Bridge to Lakeview												
<b>Totals</b>	<b>\$ 2,090,655</b>	<b>\$ 2,088,456</b>	<b>\$ 2,087,876</b>	<b>\$ 2,085,952</b>	<b>\$ 2,087,483</b>	<b>\$ 3,451,146</b>	<b>\$ 3,455,871</b>	<b>\$ 3,444,895</b>	<b>\$ 3,146,816</b>	<b>\$ 3,143,793</b>	<b>\$ 3,141,259</b>	

NOTE:

- 1) The above items for information only. Approval required from BOD at time of project award.
- 2) **Bond Funding will be required for these Proposed Capital Projects. Debt Service was estimated at 3% for 20 years**
- 3) The PAC feed system and Lagoon lining would be regulatory driven

Total Replacement and Construction Budget										
20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
\$ 3,263,155	\$ 3,286,456	\$ 3,254,876	\$ 3,263,952	\$ 3,437,483	\$ 4,067,646	\$ 3,778,871	\$ 3,642,895	\$ 3,344,816	\$ 3,378,793	\$ 3,437,759

**Revenues**

**Appomattox River Water Authority**

FY Budget Year 2021/2022 Proposed Jan. 21, 2021 Adopted Revised Revision Adopted

	<u>Chesterfield</u>	<u>Colonial Heights</u>	<u>Dinwiddie</u>	<u>Petersburg</u>	<u>Prince George</u>	<u>Total</u>
<b>1) Operations and Maintenance Base Rate</b>						
<b>O&amp;M Rate</b>						
	<b>\$/1000 gallons</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>
Estimated (\$/quarter)	\$ 1,862,469	\$ 149,235.10	\$ 104,015	\$ 427,751	\$ 65,259	\$ 2,608,729.17
Total annual allocation	\$ 7,449,874	\$ 596,940	\$ 416,061	\$ 1,711,005	\$ 261,035	\$ 10,434,917
% of flows	71.394%	5.721%	3.987%	16.397%	2.502%	100.000%
Estimated (mgd)	20.642	1.654	1.153	4.741	0.723	28.913
Calc. annual usage (bg)	7.534	0.604	0.421	1.730	0.264	10.553
O&M =	\$ 7,500,600	Replacement Fund \$ 1,198,000	54.38% 2019 Debt (maintenance)	\$ 383,890		
Int./Misc. Income	\$ 30,000	100% 2012 Debt \$ 302,013	100% 2017 Debt \$ 1,080,414	Reserve Policy		\$0
<b>BASE RATE</b>	<b>\$/1000gals</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	
<b>2) Expansion Rate</b>						
<b>Bonds</b>						
Rate (cents/1000 gals)	% Financed	\$ 0.0034	\$ 0.0307	\$ 0.4407	\$ -	\$ 0.3512
2019 expansion (\$/year)	45.62%	\$ 25,345	\$ 18,550	\$ 185,436	\$ -	\$ 92,718
% allocation		7.87%	5.76%	57.58%	0.00%	28.79%
FY20/21 Bond Payments	2019 refunding =	\$ 705,940				
<b>TOTAL DEBT SERVICE RATE</b>	<b>\$/1000 gals</b>	<b>\$ 0.0034</b>	<b>\$ 0.0307</b>	<b>\$ 0.4407</b>	<b>\$ -</b>	<b>\$ 0.3512</b>
	\$/year	\$ 25,345	\$ 18,550	\$ 185,436	\$ -	\$ 92,718
						\$ 322,050
<b>3) Total Rate</b>						
<b>TOTAL RATE (BASE + EXPANSION)</b>	<b>\$/1000gals</b>	<b>\$ 0.9922</b>	<b>1.0195</b>	<b>1.4295</b>	<b>0.9888</b>	<b>1.3400</b>
Estimated annual charges	\$/year	\$ 7,475,220	\$ 615,490	\$ 601,497	\$ 1,711,005	\$ 353,753
						\$ 10,756,967
<b>4) Budget Comparison (see note 1)</b>						
FY21/22 Total Rate	\$/1000 gals	\$ 0.9922	\$ 1.0195	\$ 1.4295	\$ 0.9888	\$ 1.3400
FY 20/21 Total Rate	\$/1000 gals	\$ 0.9980	\$ 1.0254	\$ 1.4457	\$ 0.9946	\$ 1.3537
<b>Total Rate Difference</b>	<b>\$/1000 gals</b>	<b>\$ (0.0059)</b>	<b>\$ (0.0058)</b>	<b>\$ (0.0162)</b>	<b>\$ (0.0058)</b>	<b>\$ (0.0136)</b>
<b>Total Rate Difference</b>	<b>%</b>	<b>-0.59%</b>	<b>-0.57%</b>	<b>-1.12%</b>	<b>-0.59%</b>	<b>-1.01%</b>
FY21/22 Revenues	\$/year	\$ 7,475,220	\$ 615,490	\$ 601,497	\$ 1,711,005	\$ 353,753
FY20/21 Revenues	\$/year	\$ 7,475,361	\$ 621,504	\$ 596,473	\$ 1,750,449	\$ 350,869
<b>Annual Cash Difference</b>	<b>\$/year</b>	<b>\$ (141)</b>	<b>\$ (6,014)</b>	<b>\$ 5,024</b>	<b>\$ (39,443)</b>	<b>\$ 2,884</b>
<b>Annual Revenue Difference</b>	<b>%</b>	<b>0.00%</b>	<b>-0.97%</b>	<b>0.84%</b>	<b>-2.25%</b>	<b>0.82%</b>
FY 21/22 Expenses	\$	10,786,967	FY 21/22 Income Revenue	\$	10,786,967	

NOTES:

**Reserve Policy: Appomattox River Water Authority FY21/22**

Reserve Policy Calculation

ARWA O&M Budget	Reserves as of 6/30/2020	Revenue for FY2020/2021	Total expected reserves on 6/30/2021	Recommended 50% O&M Reserves	Annual Charge to achieve 50% Reserves
\$7,500,600	\$3,784,839	\$15,600	\$3,800,439	\$3,750,300	\$0

**ARWA Budget comparisons**

Year	O&M Expenses	Replacement Fund	Debt Service 2010 issue	Debt Service 2012 issue	Debt Service 2017 issue	Debt Service 2019 issue	Debt Service 2026 issue	Reserve Policy	Total	Difference	% change	Comments
20/21	\$ 7,505,900.00	\$ 1,172,500.00	\$ 451,220.00	\$ 301,636.00	\$ 1,080,517.00	\$ 257,283.00		\$ -	\$ 10,769,056.00			
21/22	\$ 7,500,600.00	\$ 1,198,000.00		\$ 302,013.00	\$ 1,080,414.00	\$ 705,940.00		\$ -	\$ 10,786,967.00	\$ 17,911.00	0%	
22/23	\$ 7,725,618.00	\$ 1,167,000.00		\$ 302,322.00	\$ 1,080,795.00	\$ 704,760.00		\$ 62,369.54	\$ 11,042,864.54	\$ 255,897.54	2%	Reserve Fund is 50% of O&M
23/24	\$ 7,957,386.54	\$ 1,178,000.00		\$ 302,293.00	\$ 1,080,648.00	\$ 703,011.00		\$ 115,884.27	\$ 11,337,222.81	\$ 294,358.27	3%	
24/25	\$ 8,196,108.14	\$ 1,350,000.00		\$ 302,016.00	\$ 1,079,973.00	\$ 705,495.00		\$ 119,360.80	\$ 11,752,952.93	\$ 415,730.12	4%	
25/26	\$ 8,441,991.38	\$ 616,500.00		\$ 302,475.00	\$ 1,080,744.00	\$ 706,888.00	\$ 1,361,040.00	\$ 122,941.62	\$ 12,632,580.00	\$ 879,627.07	7%	took PAC out of 25/26 debt service

Notes:

(1) The 2010 issue was refinanced with the 2019 issue.

(2) The proposed debt service shown in 25/26 represents:

Rebuild filters	\$ 404,633.00	replace filters 1-8, end of life - \$5.5M
Lagoon Liner	\$ 588,558.00	regulatory driven by DEQ based on groundwater monitoring program - \$8.0M
Branders PS	\$ 367,849.00	pump station and ground tank on eastern leg - \$5.0M

**ARWA Projected Annual Cost**

**5 year projections - O&M, Replacement Fund, Reserve Policy, 54.38% 2019 Series, 2012 Series, and 2017 Series**

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	total
	71.394%	5.721%	3.987%	16.397%	2.502%	100.000%
FY 22/23	\$ 7,654,372	\$ 613,326	\$ 427,482	\$ 1,757,972	\$ 268,201	\$ 10,721,353
FY 23/24	\$ 7,865,095	\$ 630,211	\$ 439,250	\$ 1,806,369	\$ 275,584	\$ 11,016,509
FY 24/25	\$ 8,161,091	\$ 653,928	\$ 455,781	\$ 1,874,350	\$ 285,956	\$ 11,431,106
FY 25/26	\$ 8,788,636	\$ 704,212	\$ 490,828	\$ 2,018,478	\$ 307,944	\$ 12,310,098

Note: Budget % based on five year average flow consumption (FY15/16 to FY19/20)

**5 year projections -2019 Series Debt Service (45.62%)**

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	total
Allocation	7.870%	5.760%	57.580%	0.000%	28.790%	100.000%
FY 22/23	\$ 25,303	\$ 18,519	\$ 185,126	\$ -	\$ 92,563	\$ 321,512
FY 23/24	\$ 25,240	\$ 18,473	\$ 184,667	\$ -	\$ 92,333	\$ 320,714
FY 24/25	\$ 25,329	\$ 18,538	\$ 185,319	\$ -	\$ 92,660	\$ 321,847
FY 25/26	\$ 25,379	\$ 18,575	\$ 185,685	\$ -	\$ 92,843	\$ 322,482

**5 year projections - \$/year**

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	TOTAL
FY 22/23	\$ 7,679,675	\$ 631,845	\$ 612,608	\$ 1,757,972	\$ 360,764	\$ 11,042,865
FY 23/24	\$ 7,890,335	\$ 648,684	\$ 623,917	\$ 1,806,369	\$ 367,918	\$ 11,337,223
FY 24/25	\$ 8,186,420	\$ 672,467	\$ 641,100	\$ 1,874,350	\$ 378,615	\$ 11,752,953
FY 25/26	\$ 8,814,015	\$ 722,787	\$ 676,514	\$ 2,018,478	\$ 400,787	\$ 12,632,580

**5 year projections - \$/1000 gallons**

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	Average
Annual consumptions (1000 gallons)	10,553,117					
Five year a	71.394%	5.721%	3.987%	16.397%	2.502%	
FY 22/23	\$ 1.0193	\$ 1.0466	\$ 1.4559	\$ 1.0159	\$ 1.3666	\$ 1.1809
FY 23/24	\$ 1.0473	\$ 1.0745	\$ 1.4828	\$ 1.0439	\$ 1.3937	\$ 1.2084
FY 24/25	\$ 1.0866	\$ 1.1139	\$ 1.5236	\$ 1.0832	\$ 1.4342	\$ 1.2483
FY 25/26	\$ 1.1699	\$ 1.1973	\$ 1.6078	\$ 1.1665	\$ 1.5182	\$ 1.3319

**RESOLUTION**

**OF THE APPOMATTOX RIVER WATER AUTHORITY  
PROVIDING PRELIMINARY APPROVAL OF THE  
BUDGET FOR FISCAL YEAR 2022 AND  
THE RELATED WATER RATES**

**WHEREAS**, in October, November and December of 2020 the staff of the Appomattox River Water Authority (the "Authority") developed the Authority's proposed budget and water rates for Fiscal Year 2022 and has at this meeting held on January 21, 2021, presented the proposed budget and water rates to the Authority Board; and

**WHEREAS**, Virginia Code Section 15.2-5136(G) requires the preliminary approval of the proposed budget and water rates for notification of a public hearing prior to the final adoption of the budget and water rates for any fiscal year.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of the Appomattox River Water Authority hereby (a) provides preliminary approval of (i) the proposed Fiscal Year 2022 budget submitted as an attachment to this resolution and (ii) the proposed water rates for Fiscal Year 2022 as set forth below, (b) schedules a public hearing on the proposed Fiscal Year 2022 budget and water rates at the Authority's next scheduled Board meeting on March 18, 2021, and (c) directs Authority staff to provide for the publication of the notices of such public hearing in accordance with Virginia Code Section 15.2-5136(G):

**RATES (cents/1,000 gallons)**

	<u>FY2022</u>
Chesterfield County	0.9922
City of Colonial Heights	1.0195
Dinwiddie County	1.4295
City of Petersburg	0.9888
Prince George County	1.3400

**BE IT FURTHER RESOLVED** that the Authority Board acknowledges that the above-stated water rates will be subject to change in accordance with the Authority's water service agreement in effect between the Authority and each of its five member jurisdictions, based on, among other things, the amount of water actually purchased by each member jurisdiction and the amounts of revenues received and expenses incurred by the Authority during Fiscal Year 2022.

Attachment 3

The Appomattox River Water Authority and South Central Wastewater Authority provide wholesale water treatment, transmission and wastewater treatment services to their member jurisdictions: Chesterfield County, City of Colonial Heights, Dinwiddie County, City of Petersburg, and Prince George County. These members pay wholesale water and wastewater rates and charges. Each member operates its own separate public retail water distribution and wastewater collection systems with different water and wastewater retail utility rates charged to their customers.

Pursuant to a resolution approved by each authority board at the January 21, 2021 meetings a public hearing will be held on March 18, 2021 at 2:00 p.m. at the Appomattox River Water Authority located at 21300 Chesdin Road, Petersburg, VA 23803 for the FY22 proposed rates. Any person interested may appear at the meeting and present their views regarding the proposed rate(s). Comments and questions may also be submitted to [mwilkins@arwava.org](mailto:mwilkins@arwava.org). All comments and questions will be conveyed to the Board during the public hearing on March 18th.

APPOMATTOX RIVER WATER AUTHORITY  
RATES (\$/1,000 gallons)

	FY2022
Chesterfield County	\$0.9922
City of Colonial Heights	\$1.0195
Dinwiddie County	\$1.4295
City of Petersburg	\$0.9888
Prince George County	\$1.3400

SOUTH CENTRAL WASTEWATER AUTHORITY  
REVENUE DETAIL BY PARTICIPATING JURISDICTION

	FY2022
City of Petersburg	\$5,096,057
City of Colonial Heights	1,637,529
Chesterfield County	761,223
Prince George County	584,501
Dinwiddie County	814,291
TOTAL	\$8,893,601

The South Central Wastewater Authority (SCWWA) has also proposed to change (i) the septage rate to the greater of \$25.00 per truck or \$0.05 per gallon off-loaded and (ii) the leachate rate to \$0.095 per gallon off-loaded. Pursuant to a resolution adopted by the Board of SCWWA on January 18, 2018, all septage, leachate and other special revenues not paid by the member jurisdictions pursuant to the wastewater service agreement are to be deposited in the Capital Reserve Account and held for use with Board approval to fund future capital improvement projects or to pay authority operating expenses in the event of unanticipated financial emergencies.



**APPOMATTOX RIVER WATER AUTHORITY**

Proposed: January 21, 2021

Approved:

Revised:

Revision Approved:

**PROPOSED OPERATION & MAINTENANCE BUDGET 2021/2022**

	<u>2020/2021</u> <u>Revised</u> Budget	<u>FY2021/2022</u> Budget	Increase/ (Decrease) FY20/21 to FY21/22
<b><u>O&amp;M EXPENSES</u></b>			
<b>41000 · Salary</b>	<b>\$1,700,000</b>	<b>\$1,836,000</b>	<b>\$136,000</b>
<b>42000 · Employee Benefits</b>	<b>\$760,200</b>	<b>\$754,100</b>	<b>-\$6,100</b>
42100 · Employer FICA	\$131,000	\$137,000	\$6,000
42200 · Virginia Retirement System	\$97,000	\$90,000	-\$7,000
42210 - Deferred Comp 457	\$7,500	\$0	-\$7,500.00
42300 · Hospitalization Insurance	\$493,100	\$490,000	-\$3,100
42400 · VRS Group Life Insurance	\$22,000	\$22,000	\$0.00
42500 · Group Term Life	\$2,100	\$2,100	\$0.00
42600 · Unemployment Insurance	\$2,000	\$1,000	-\$1,000.00
42800 · Employee Promotions	\$3,500	\$10,000	\$6,500.00
42900 · Other Fringe Benefits - EAP	\$2,000	\$2,000	\$0.00
42950 · OPEB Health Insurance Adj	\$0	\$0	\$0.00
42952 · Net Pension Adjustment			
<b>43000 · Contractual Services</b>	<b>\$1,188,000</b>	<b>\$1,049,500</b>	<b>-\$138,500</b>
43121 · Auditing Services	\$8,000	\$8,000	\$0.00
43122 · Accounting Services	\$16,000	\$16,000	\$0.00
43130 · Legal/Engineering and Reservoir Studies	\$100,000	\$50,000	-\$50,000.00
43140 · Consulting Engineers	\$85,000	\$85,000	\$0.00
43150 · Legal Services	\$75,000	\$75,000	\$0.00
43152 · Medical - Testing	\$2,500	\$2,500	\$0.00
43155 · Other Consulting Services	\$15,000	\$0	-\$15,000.00
43156 · Admin and Maintenance Svc-SCWWA	\$0	\$0	\$0.00



43160 · Trustee Services	\$9,500	\$12,000	\$2,500.00
43162 · Bank Service Charges	\$2,500	\$1,500	-\$1,000.00
43170 · Research	\$17,500	\$17,500	\$0.00
43180 · Potable Water Contract	\$510,000	\$450,000	-\$60,000.00
43190 · Samples and Tests	\$40,000	\$40,000	\$0.00
43200 · Lake Patrol	\$4,000	\$4,000	\$0.00
43201 · Reservoir Management - Invasive Control Program	\$50,000	\$50,000	\$0.00
43210 · Software Support	\$40,000	\$40,000	\$0.00
43220 · VPDES Permit Fee	\$30,000	\$15,000	-\$15,000.00
43310 · Repair Services	\$25,000	\$25,000	\$0.00
43320 · Service Contracts	\$125,000	\$125,000	\$0.00
43500 · Printing and Binding	\$3,000	\$3,000	\$0.00
43600 · Grounds Maintenance	\$30,000	\$30,000	\$0.00
<b>45000 · Other Charges</b>	<b>\$1,055,700</b>	<b>\$1,067,000</b>	<b>\$11,300</b>
45110 · Electricity - Pumping	\$500,000	\$500,000	\$0.00
45111 · Electricity - Purification	\$275,000	\$275,000	\$0.00
45120 · Heating Fuel	\$65,000	\$50,000	-\$15,000.00
45130 · Trash Pickup	\$5,500	\$5,500	\$0.00
45210 · Postal Services	\$1,200	\$1,500	\$300.00
45220 · Freight	\$15,000	\$20,000	\$5,000.00
45230 · Telecommunications	\$35,000	\$35,000	\$0.00
45308 · General Liability Insurance	\$96,000	\$100,000	\$4,000.00
45410 · Lease/Rent of Equipment	\$20,000	\$25,000	\$5,000.00
45510 · Mileage Allowance			\$0.00
45530 · Meals and Lodging	\$5,000	\$5,000	\$0.00
45540 · Education and Training	\$20,000	\$25,000	\$5,000.00
45550 · Safety Supplies	\$18,000	\$25,000	\$7,000.00
<b>46000 · Materials and Supplies</b>	<b>\$2,802,000</b>	<b>\$2,794,000</b>	<b>-\$8,000</b>
46001 · Office Supplies	\$12,000	\$12,000	\$0.00
46004 · Laboratory Supplies	\$75,000	\$77,000	\$2,000.00
46005 · Purification Chemicals	\$2,300,000	\$2,300,000	\$0.00
46006 · Purification Process and Janitorial Supplies	\$25,000	\$15,000	-\$10,000.00
46007 · Repair & Maint Supplies-Shop	\$115,000	\$115,000	\$0.00
46008 · Vehicle and Equipment Fuels	\$25,000	\$25,000	\$0.00
46009 · Vehicle and Equipment Supplies	\$20,000	\$20,000	\$0.00
46010 · Equipment Parts and Small Equipment Purchases	\$55,000	\$55,000	\$0.00
46011 · Uniforms	\$10,000	\$15,000	\$5,000.00
46012 · Dues and Subscriptions	\$25,000	\$25,000	\$0.00
46014 · Repair & Maint Supplies-IT	\$125,000	\$125,000	\$0.00

46015 · Small Equipment Purchases	\$0	\$0	\$0.00
46016 · Operations Supplies and Maintenance	\$15,000	\$10,000	-\$5,000.00
<b>Total Operating Expenses</b>	<b>\$7,505,900</b>	<b>\$7,500,600</b>	<b>(\$5,300)</b>
<b>58000 · Replacement Fund Budget</b>	<b>\$1,172,500</b>	<b>\$1,198,000</b>	<b>\$25,500</b>
Debt - 2010 Issue (Refunded as 2019 series)	\$451,220	\$0	(\$451,220)
Debt - 2012 Issue	\$301,636	\$302,013	\$377
Debt - 2017 Issue	\$1,080,517	\$1,080,414	(\$103)
Debt - 2019 Issue (2010 Refunded)	\$257,283	\$705,940	\$448,657
<b>Total Debt</b>	<b>\$2,090,656</b>	<b>\$2,088,367</b>	<b>(\$2,290)</b>
<b>Reserve Policy</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Expenses</b>	<b>\$10,769,056</b>	<b>\$10,786,967</b>	<b>\$17,911</b>

**Revenues**  
**Appomattox River Water Authority**  
 Proposed Jan. 21, 2021 Adopted Revised  
 FY Budget Year 2021/2022 Revision Adopted

	<u>Chesterfield</u>	<u>Colonial Heights</u>	<u>Dinwiddie</u>	<u>Petersburg</u>	<u>Prince George</u>	<u>Total</u>
<b>1) Operations and Maintenance Base Rate</b>						
<b>O&amp;M Rate</b>						
	<b>\$/1000 gallons</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>
Estimated (\$/quarter)	\$ 1,862,469	\$ 149,235.10	\$ 104,015	\$ 427,751	\$ 65,259	\$ 2,608,729.17
Total annual allocation	\$ 7,449,874	\$ 596,940	\$ 416,061	\$ 1,711,005	\$ 261,035	\$ 10,434,917
% of flows	71.394%	5.721%	3.987%	16.397%	2.502%	100.000%
Estimated (mgd)	20.642	1.654	1.153	4.741	0.723	28.913
Calc. annual usage (bg)	7.534	0.604	0.421	1.730	0.264	10.553
O&M =	\$ 7,500,600	Replacement Fund \$ 1,198,000	54.38% 2019 Debt (maintenance)	\$ 383,890		
Int./Misc. Income	\$ 30,000	100% 2012 Debt \$ 302,013	100% 2017 Debt \$ 1,080,414	Reserve Policy		\$0
<b>BASE RATE</b>	<b>\$/1000gals</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>	<b>\$ 0.9888</b>
<b>2) Expansion Rate</b>						
<b>Bonds</b>	% Financed					
Rate (cents/1000 gals)		\$ 0.0034	\$ 0.0307	\$ 0.4407	\$ -	\$ 0.3512
2019 expansion (\$/year)	45.62%	\$ 25,345	\$ 18,550	\$ 185,436	\$ -	\$ 92,718
% allocation	7.87%	5.76%	57.58%	0.00%	28.79%	100.00%
FY20/21 Bond Payments	2019 refunding =	\$ 705,940				
<b>TOTAL DEBT SERVICE RATE</b>	<b>\$/1000 gals</b>	<b>\$ 0.0034</b>	<b>\$ 0.0307</b>	<b>\$ 0.4407</b>	<b>\$ -</b>	<b>\$ 0.3512</b>
	<b>\$/year</b>	<b>\$ 25,345</b>	<b>\$ 18,550</b>	<b>\$ 185,436</b>	<b>\$ -</b>	<b>\$ 92,718</b>
						<b>\$ 322,050</b>
<b>3) Total Rate</b>						
<b>TOTAL RATE (BASE + EXPANSION)</b>	<b>\$/1000gals</b>	<b>\$ 0.9922</b>	<b>1.0195</b>	<b>1.4295</b>	<b>0.9888</b>	<b>1.3400</b>
Estimated annual charges	<b>\$/year</b>	<b>\$ 7,475,220</b>	<b>\$ 615,490</b>	<b>\$ 601,497</b>	<b>\$ 1,711,005</b>	<b>\$ 353,753</b>
						<b>\$ 10,756,967</b>
<b>4) Budget Comparison (see note 1)</b>						
FY21/22 Total Rate	\$/1000 gals	\$ 0.9922	\$ 1.0195	\$ 1.4295	\$ 0.9888	\$ 1.3400
FY 20/21 Total Rate	\$/1000 gals	\$ 0.9980	\$ 1.0254	\$ 1.4457	\$ 0.9946	\$ 1.3537
<b>Total Rate Difference</b>	<b>\$/1000 gals</b>	<b>\$ (0.0059)</b>	<b>\$ (0.0058)</b>	<b>\$ (0.0162)</b>	<b>\$ (0.0058)</b>	<b>\$ (0.0136)</b>
<b>Total Rate Difference</b>	<b>%</b>	<b>-0.59%</b>	<b>-0.57%</b>	<b>-1.12%</b>	<b>-0.59%</b>	<b>-1.01%</b>
FY21/22 Revenues	\$/year	\$ 7,475,220	\$ 615,490	\$ 601,497	\$ 1,711,005	\$ 353,753
FY20/21 Revenues	\$/year	\$ 7,475,361	\$ 621,504	\$ 596,473	\$ 1,750,449	\$ 350,869
<b>Annual Cash Difference</b>	<b>\$/year</b>	<b>\$ (141)</b>	<b>\$ (6,014)</b>	<b>\$ 5,024</b>	<b>\$ (39,443)</b>	<b>\$ 2,884</b>
<b>Annual Revenue Difference</b>	<b>%</b>	<b>0.00%</b>	<b>-0.97%</b>	<b>0.84%</b>	<b>-2.25%</b>	<b>0.82%</b>
FY 21/22 Expenses	\$	10,786,967	FY 21/22 Income Revenue	\$	10,786,967	

NOTES:

**Reserve Policy: Appomattox River Water Authority FY21/22**  
 Reserve Policy Calculation

ARWA O&M Budget	Reserves as of 6/30/2020	Revenue for FY2020/2021	Total expected reserves on 6/30/2021	Recommended 50% O&M Reserves	Annual Charge to achieve 50% Reserves
\$7,500,600	\$3,784,839	\$15,600	\$3,800,439	\$3,750,300	\$0

**APPOMATTOX RIVER WATER AUTHORITY  
Replacement Fund Budget - 58000  
FY21/22**

Acct#	Current Budget 20/21	Proposed Budget 21/22	INFORMATIONAL & PLANNING									
			22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
58010 - Machinery and Motors-Process	\$ 520,000	\$ 179,000	\$ 179,000	\$ 130,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
58020 - Instrumentation	\$ 40,000	\$ 281,000	\$ 90,000	\$ 100,000	\$ 90,000	\$ 45,000	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -
58030 - SCADA	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
58040 - Computer Equipment	\$ 12,500	\$ -	\$ -	\$ -	\$ 12,000	\$ 13,500	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ 13,500
58050 - Furniture and Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
58060 - Motor Vehicles	\$ -	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000	\$ 46,000
58065 - Maintenance Equipment	\$ -	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000
58090 - Construction	\$ 350,000	\$ 640,000	\$ 800,000	\$ 850,000	\$ 1,050,000	\$ 350,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
<b>TOTALS:</b>	<b>\$ 1,172,500</b>	<b>\$ 1,198,000</b>	<b>\$ 1,167,000</b>	<b>\$ 1,178,000</b>	<b>\$ 1,350,000</b>	<b>\$ 616,500</b>	<b>\$ 323,000</b>	<b>\$ 198,000</b>	<b>\$ 198,000</b>	<b>\$ 235,000</b>	<b>\$ 296,500</b>	

NOTE: FY 21/22 REPLACEMENT FUND BUDGET TO BE APPROVED WITH BUDGET

**Construction Fund (Capital Projects)  
FY21/22**

Project Cost Estimate	Budget	Proposed Budget	INFORMATIONAL & PLANNING									
			22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
2012 Bond	\$ 301,636	\$ 302,103	\$ 302,322	\$ 302,293	\$ 302,016	\$ 302,475	\$ 301,671	\$ 301,604				
2017 Bond	\$ 1,080,516	\$ 1,080,414	\$ 1,080,795	\$ 1,080,648	\$ 1,079,973	\$ 1,080,744	\$ 1,080,936	\$ 1,080,550	\$ 1,080,572	\$ 1,079,991	\$ 1,080,781	
2019 Bond (2010 Rebonding)	\$ 708,503	\$ 705,940	\$ 704,760	\$ 703,011	\$ 705,495	\$ 706,888	\$ 712,224	\$ 701,702	\$ 705,204	\$ 702,762	\$ 699,439	
Rebuild Filters 1-8	\$ 5,500,000					\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633
Lagoon Liners	\$ 8,000,000					\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558
Branders Tank and Pump Station	\$ 5,000,000					\$ 367,849	\$ 367,849	\$ 367,849	\$ 367,849	\$ 367,849	\$ 367,849	\$ 367,849
Clearwell #4												
Pickett Rd												
Matoaca Tank												
Branders Bridge to Lakeview												
<b>Totals</b>	<b>\$ 2,090,655</b>	<b>\$ 2,088,456</b>	<b>\$ 2,087,876</b>	<b>\$ 2,085,952</b>	<b>\$ 2,087,483</b>	<b>\$ 3,451,146</b>	<b>\$ 3,455,871</b>	<b>\$ 3,444,895</b>	<b>\$ 3,146,816</b>	<b>\$ 3,143,793</b>	<b>\$ 3,141,259</b>	

NOTE:

- 1) The above items for information only. Approval required from BOD at time of project award.
- 2) **Bond Funding will be required for these Proposed Capital Projects. Debt Service was estimated at 3% for 20 years**
- 3) The Branders Bridge PS is shown in the proposed 2026 Debt Service. To date, the Board is still discussing the future of this project.

Total Replacement and Construction Budget										
20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
\$ 3,263,155	\$ 3,286,456	\$ 3,254,876	\$ 3,263,952	\$ 3,437,483	\$ 4,067,646	\$ 3,778,871	\$ 3,642,895	\$ 3,344,816	\$ 3,378,793	\$ 3,437,759

**ARWA Budget comparisons**

Year	O&M Expenses	Replacement Fund	Debt Service 2010 issue	Debt Service 2012 issue	Debt Service 2017 issue	Debt Service 2019 issue	Debt Service 2026 issue	Reserve Policy	Total	Difference	% change	Comments
20/21	\$ 7,505,900.00	\$ 1,172,500.00	\$ 451,220.00	\$ 301,636.00	\$ 1,080,517.00	\$ 257,283.00		\$ -	\$ 10,769,056.00			
21/22	\$ 7,500,600.00	\$ 1,198,000.00		\$ 302,013.00	\$ 1,080,414.00	\$ 705,940.00		\$ -	\$ 10,786,967.00	\$ 17,911.00	0%	
22/23	\$ 7,725,618.00	\$ 1,167,000.00		\$ 302,322.00	\$ 1,080,795.00	\$ 704,760.00		\$ 62,369.54	\$ 11,042,864.54	\$ 255,897.54	2%	Reserve Fund is 50% of O&M
23/24	\$ 7,957,386.54	\$ 1,178,000.00		\$ 302,293.00	\$ 1,080,648.00	\$ 703,011.00		\$ 115,884.27	\$ 11,337,222.81	\$ 294,358.27	3%	
24/25	\$ 8,196,108.14	\$ 1,350,000.00		\$ 302,016.00	\$ 1,079,973.00	\$ 705,495.00		\$ 119,360.80	\$ 11,752,952.93	\$ 415,730.12	4%	
25/26	\$ 8,441,991.38	\$ 616,500.00		\$ 302,475.00	\$ 1,080,744.00	\$ 706,888.00	\$ 1,361,040.00	\$ 122,941.62	\$ 12,632,580.00	\$ 879,627.07	7%	took PAC out of 25/26 debt service

Notes:

(1) The 2010 issue was refinanced with the 2019 issue.

(2) The proposed debt service shown in 25/26 represents:

Rebuild filters	\$ 404,633.00	replace filters 1-8, end of life - \$5.5M
Lagoon Liner	\$ 588,558.00	regulatory driven by DEQ based on groundwater monitoring program - \$8.0M
Branders PS	\$ 367,849.00	pump station and ground tank on eastern leg - \$5.0M

(3) The Branders Bridge PS is shown in the proposed 2026 Debt Service. To date, the Board is still discussing the future of this project.

**ARWA Projected Annual Cost**

**5 year projections - O&M, Replacement Fund, Reserve Policy, 54.38% 2019 Series, 2012 Series, and 2017 Series**

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	total
	71.394%	5.721%	3.987%	16.397%	2.502%	100.000%
FY 22/23	\$ 7,654,372	\$ 613,326	\$ 427,482	\$ 1,757,972	\$ 268,201	\$ 10,721,353
FY 23/24	\$ 7,865,095	\$ 630,211	\$ 439,250	\$ 1,806,369	\$ 275,584	\$ 11,016,509
FY 24/25	\$ 8,161,091	\$ 653,928	\$ 455,781	\$ 1,874,350	\$ 285,956	\$ 11,431,106
FY 25/26	\$ 8,788,636	\$ 704,212	\$ 490,828	\$ 2,018,478	\$ 307,944	\$ 12,310,098

Note: Budget % based on five year average flow consumption (FY15/16 to FY19/20)

**5 year projections -2019 Series Debt Service (45.62%)**

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	total
Allocation	7.870%	5.760%	57.580%	0.000%	28.790%	100.000%
FY 22/23	\$ 25,303	\$ 18,519	\$ 185,126	\$ -	\$ 92,563	\$ 321,512
FY 23/24	\$ 25,240	\$ 18,473	\$ 184,667	\$ -	\$ 92,333	\$ 320,714
FY 24/25	\$ 25,329	\$ 18,538	\$ 185,319	\$ -	\$ 92,660	\$ 321,847
FY 25/26	\$ 25,379	\$ 18,575	\$ 185,685	\$ -	\$ 92,843	\$ 322,482

**5 year projections - \$/year**

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	TOTAL
FY 22/23	\$ 7,679,675	\$ 631,845	\$ 612,608	\$ 1,757,972	\$ 360,764	\$ 11,042,865
FY 23/24	\$ 7,890,335	\$ 648,684	\$ 623,917	\$ 1,806,369	\$ 367,918	\$ 11,337,223
FY 24/25	\$ 8,186,420	\$ 672,467	\$ 641,100	\$ 1,874,350	\$ 378,615	\$ 11,752,953
FY 25/26	\$ 8,814,015	\$ 722,787	\$ 676,514	\$ 2,018,478	\$ 400,787	\$ 12,632,580

**5 year projections - \$/1000 gallons**

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	Average
Annual consumptions (1000 gallons)				10,553,117		
Five year a	71.394%	5.721%	3.987%	16.397%	2.502%	
FY 22/23	\$ 1.0193	\$ 1.0466	\$ 1.4559	\$ 1.0159	\$ 1.3666	\$ 1.1809
FY 23/24	\$ 1.0473	\$ 1.0745	\$ 1.4828	\$ 1.0439	\$ 1.3937	\$ 1.2084
FY 24/25	\$ 1.0866	\$ 1.1139	\$ 1.5236	\$ 1.0832	\$ 1.4342	\$ 1.2483
FY 25/26	\$ 1.1699	\$ 1.1973	\$ 1.6078	\$ 1.1665	\$ 1.5182	\$ 1.3319

See Note (1) below

Notes:

(1) The FY25/26 figures include the proposed debt service for a 2026 Issuance. The projects for the issuance are still under consideration and the funding distribution has not been approved. These figures are subject to change.

**RESOLUTION**

**OF THE APPOMATTOX RIVER WATER AUTHORITY  
APPROVING THE BUDGET FOR FISCAL YEAR 2022  
AND SETTING THE RELATED WATER RATES**

**WHEREAS**, in October, November and December of 2020 the staff of the Appomattox River Water Authority (the "Authority") developed the Authority's proposed budget and water rates for Fiscal Year 2022 and at the meeting held on January 21, 2021, presented the proposed budget and water rates to the Authority Board; and

**WHEREAS**, at the January 21, 2021 meeting the Authority Board provided its preliminary approval of the proposed budget and the proposed water rates for Fiscal Year 2022 and scheduled a public hearing to be held at this meeting held on March 18, 2021, in accordance with Virginia Code Section 15.2-5136(G); and

**WHEREAS**, the Authority Board held the public hearing on the proposed Fiscal Year 2022 budget and water rates at its meeting on March 18, 2021;

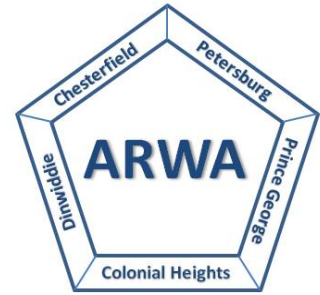
**NOW, THEREFORE, BE IT RESOLVED** that the Board of the Appomattox River Water Authority hereby approves (a) the Fiscal Year 2022 budget submitted as an attachment to this resolution and (b) the water rates for Fiscal Year 2022 as set forth below:

**RATES (cents/1,000 gallons)**

	<u>FY2022</u>
Chesterfield County	0.9922
City of Colonial Heights	1.0195
Dinwiddie County	1.4295
City of Petersburg	0.9888
Prince George County	1.3400

**BE IT FURTHER RESOLVED** that the Authority Board acknowledges that the above-stated water rates will be subject to change in accordance with the Authority's water service agreement in effect between the Authority and each of its five member jurisdictions, based on, among other things, the amount of water actually purchased by each member jurisdiction and the amounts of revenues received and expenses incurred by the Authority during Fiscal Year 2022.

# Appomattox River Water Authority



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21300 Chesdin Rd. - S. Chesterfield, VA 23803 - Phone (804) 590-1145 - Fax (804) 590-9285

## EXHIBIT D

TO: Board of Directors

FROM: Robert B. Wilson, Executive Director  
James C. Gordon, Assistant Director

DATE: March 18, 2021

SUBJECT: Financial Policies Guidelines

As part of each budget cycle, we provide the current Financial Policies for review and discussion. Attachment 1 is the bucket diagram that illustrates how collected revenues are dispersed through the Authority's funds per the 1986 Agreement of Trust (Trust Agreement). This attachment also includes the Financial Policies to date and the definition of a Tier 1 and Tier 2 Reserve.

Prior to the beginning of the January 22<sup>nd</sup> meeting one of the members requested clarification on how the Authority manages excess revenue. The quick analysis that was performed showed an excess revenue in the Revenue Fund of approximately \$5.8 million. During the meeting I advised the Board of the questions raised and that we would go back through our Financial Policies and the Trust Agreement and make a recommendation at the March 18<sup>th</sup> meeting on how to manage these excess revenues.

When the budget is developed for the following fiscal year, staff determines the total costs for the year. Next staff reviews the consumption for each participating member for the previous five years to calculate a five year running average. This five year running average is used to calculate an estimated total consumption to calculate a weighted average to determine the member's portion of O&M expenses, replacement expenses, and debt service expenses for maintenance related improvements and break that cost down to a \$/1,000 gallon. The debt service for the 2019 issuance has a percentage, approximately 46%, that is assessed per member on other factors.

The Trust Agreement has provisions for the Trustee to make monthly transfers for excess funds in the Revenue Fund to the Authority more than \$100,000. This has not been taking place and is a challenge since the Authority is collecting revenue on a quarterly basis to pay bills for the following quarter. Since the January meeting, we have met with the Authority's financial consultant, Ted Cole with Davenport, and counsel. Attachment 2 is a summary of the Trust Agreement functionality and requirements and staff's recommendation for managing excess revenue in the Revenue Fund. Since this is the first time this information is being presented to the Board, we are not requesting action at this time. Furthermore, we

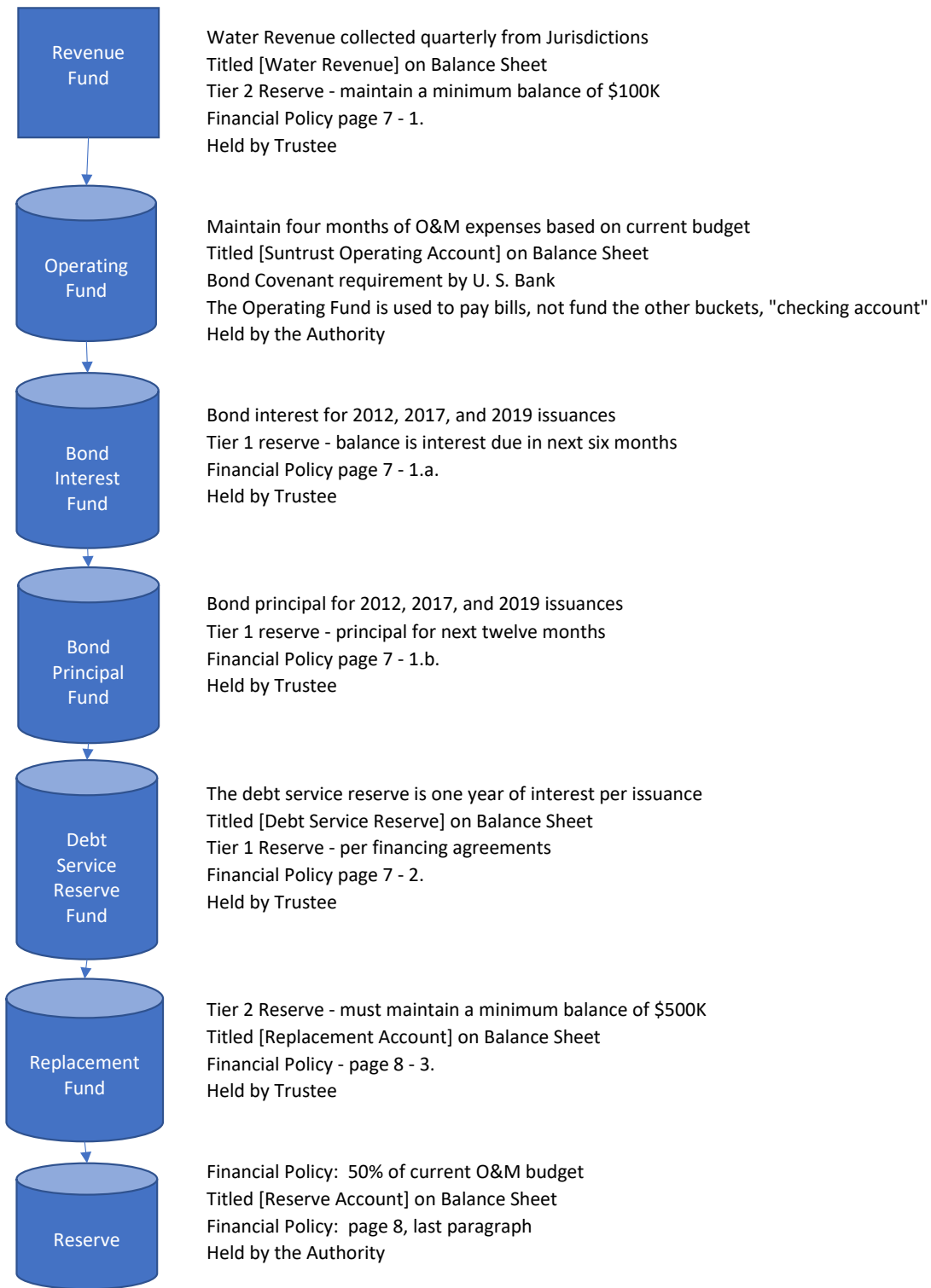
have not revised any of the existing Financial Policies pending review, discussion and direction by the Board. Our intent is to present our recommendation and allow members to review and discuss. We will be requesting further discussion and possible action at the May 20<sup>th</sup> meeting. Based on the results of the discussion and direction at the May 20<sup>th</sup> meeting we would make the necessary revisions, if any, to the Financial Policies and present to the Board for consideration.

Board Action Requested:

No board action is requested.



ARWA Fund Flows - Set up as a Trust



# Financial Policy Guidelines

## Appomattox River Water Authority

*Adopted: May 21, 2015*



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## **FINANCIAL POLICY GUIDELINES – OBJECTIVES**

This financial policy is a statement of the guidelines and goals that will influence and guide the financial management practice of the Appomattox River Water Authority (the “Authority”). A financial policy that is adopted, adhered to, and regularly reviewed is recognized as the foundation of sound financial management. Effective financial policy:

- Contributes significantly to the Authority's ability to prepare for and insulate itself from financial crisis by being able to better manage stressful financial internal and external events,
- Enhances the ability to obtain short-term and long-term credit financing by helping to achieve the highest credit and bond ratings possible,
- Promotes long-term financial stability by establishing clear and consistent guidelines,
- Directs attention to the total financial picture of the Authority rather than single issue areas, and
- Promotes the view of linking long-run financial planning with day-to-day operations.

To these ends, the following financial policy statements are presented.

## **OPERATING BUDGET POLICIES**

1. The Authority will budget for all current operating expenditures to be paid for with current operating revenues.
2. The management and operations staff should, not only during the preparation of the budget but in the budget execution, use due care and promote cost savings and operating efficiencies at all times especially during periods of revenue shortfall due to low flows.
3. In preparing its annual budget, the Authority will base its revenue and expenditure projections on historical member demand while also taking into consideration current regional economic trends, events and developments in regulatory and environmental activities.
4. One-time or other special revenues will not be used to finance continuing Authority operations, but instead will be used for funding specific one-time projects or adding to Authority reserves.
5. The Authority will prepare monthly financial statements showing the progress of budget estimates compared to actual results. These monthly reports and the Authority's budgets are prepared on a cash flow or modified cash flow basis and differ from the final audited year end reports.
6. The Authority will annually prepare a Comprehensive Annual Financial Report (CAFR) that is audited by an independent CPA firm. The annual report is prepared to meet Generally Accepted Accounting Principles which is a full accrual basis of reporting.

## **CAPITAL IMPROVEMENT BUDGET POLICIES**

1. The Authority will prepare and update annually for adoption, unless otherwise directed by the Board of Directors, a Capital Improvement Plan (CIP) that is developed for a five-year planning period. Future capital expenditures necessitated by changes in projected service demands or goals set by the Board, changes in the regulatory environment, maintenance and replacement of infrastructure that has reached its useful life will be included in capital planning projections.
2. The first year of the adopted five-year CIP will become the most current capital budget for the Authority and will serve as authorization for project execution by the Board. Additional Board action is required to move projects up to the first year of the plan subsequent to planned annual updated CIP adoption. Board action is required to add additional projects (authorizing the expending of capital resources) to the capital budget subsequent to the normal annual updating of the CIP.
3. The Authority will provide rate impacts and total debt service estimates resulting from the annual update of the CIP. These estimates are for planning purposes only, and are not rate setting measures by the Board of Directors when adopting the CIP. There exist several factors that may not be known at the time of providing such estimates such as pending cost share agreements between the Authority's Participating Jurisdictions and final funding details. The estimates provided will be used to coordinate development of the annual operating and debt service budget. Significant additional operating costs should be disclosed within project descriptions in the CIP.
4. The Authority will maintain all assets at a level adequate to protect the Authority's capital investment, meet permitted regulatory requirements, and to minimize future maintenance and replacement costs.
5. The Authority will attempt to determine the least costly and most flexible financing method for all new projects individually or as a whole, depending upon the specific direction of the Board, or what is in the best financial interest of the Authority as a whole.

## DEBT POLICIES

1. The Authority will utilize a balanced approach to capital funding utilizing debt financing, CIP planned current-year revenues (pay-as-you-go), and planned capital reserve fund transfers. In the planning stage of the overall funding of the capital improvement plan, the Authority will target a minimum amount of equity funding of 10% of the capital improvement plan on a five-year rolling average.
2. The Authority will analyze all sources of debt financing each time there is a need for debt including but not limited to: Virginia Clean Water Revolving Loan Fund, Virginia Resources Authority Bond Programs, Authority stand alone bond issues on a competitive and negotiated basis and short-term financing when needed and advantageous.
3. When the Authority finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected average useful life of the project(s) and equipment being financed.
4. When assessing capital project funding approaches and the issuance of debt, the Authority will conduct a series of financial analyses to demonstrate its financial ability to incur such debt under its current rate structure, and to determine if, when and to what degree rate structures need to be adjusted in the event that the current rate structure is not able to accommodate new additional debt.
5. The Authority will review its current debt structure periodically as interest rates fluctuate and optional bond redemption dates arise for refunding or advance refunding opportunities. Refinancing opportunities that can produce a net present value savings of 3.0 percent generally should be considered as beneficial to the Authority, although other factors should be taken into account.
6. The Authority will set rates and charges so as to target a minimum debt service coverage on all senior parity indebtedness of 1.50 times. By way of example, a debt service coverage ratio of 1.50 times means that for every \$1.00 of senior parity indebtedness that is due from the Authority annually, the Authority has at least \$1.50 in revenues available with which to pay the debt service.

## RESERVE POLICIES

The Authority has two primary levels or tiers of reserves and funds. Mostly distinguished by bond requirements and purpose of use, the following are descriptions of the purpose, defined amounts if any, and restrictions if any on these funds and reserves.

Tier 1 Reserves: The first tier of reserves are those required by the 1986 Agreement of Trust of the Authority (as amended) that are “restricted” for specific purposes. The reserves required in this tier are strictly reviewed, enforced, and held by the Trustee. The Authority’s first priority relative to reserves will be to meet all requirements of these Tier 1 reserves. The Authority will fix charges to maintain these funds at the appropriate level as required by the Agreement of Trust.

These funds include:

1. The Bond Fund, held by the Trustee, including:
  - a. The Interest Account to be funded equal to the amount of interest which will come due within the next succeeding six months; and
  - b. The Principal Account to be funded equal to the amount of principal maturing or required to be redeemed pursuant to any sinking fund requirement with respect to Term Bonds within the next succeeding twelve months.
2. The Debt Service Reserve Fund, held by the Trustee, funded at such amount as may be necessary to increase the amount on deposit therein to the amount of the Debt Service Reserve.
3. Various Project Construction Funds, held by the Trustee, funded with debt proceeds.

Tier 2 Reserves: The second tier funds or reserves are those required or permitted by the 1986 Agreement of Trust, but either allow the Authority to hold these funds, are not narrowly “restricted” as to permitted uses or have more flexible required amounts.

These funds include:

1. The Revenue Fund, held by the Trustee, into which all operating revenues of the Authority are to be deposited. This fund is to maintain a minimum balance of at least \$100,000.



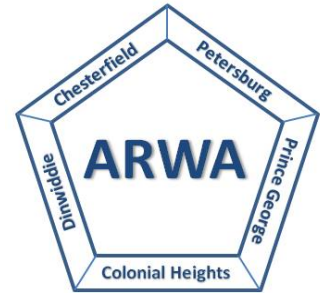
2. The Operating Fund, held by the Authority, is the Authority's daily cash account. This fund is required to be funded in an amount equal to the operating expenses for the next succeeding four months as provided in the annual budget and the aggregate amount, as certified by an authorized representative of the Authority, of all checks outstanding and unpaid drawn upon the Operating Fund.
3. The Replacement Fund, held by the Trustee, funded with a minimum balance of \$500,000.

It is recommended that the Authority target a combined total of all Tier 2 reserve funds equal to at least 50% of the Authority's annual Operating and Maintenance budget or the equivalent of at least 182.5 days operating cash on hand.

## **INVESTMENT POLICIES**

The Authority shall invest its funds in accordance with its various bond documents, financial covenants and all applicable State Statutes.

# Appomattox River Water Authority



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## Attachment 2

TO: Appomattox River Water Authority Board of Directors

FROM: Robert B. Wilson, Executive Director  
James C. Gordon, Assistant Executive Director

DATE: March 18, 2021

SUBJECT: Trust Agreement Summary and recommended management of excess revenues

The procedures for applying the revenues received by the Appomattox River Water Authority (ARWA) are found in two documents: (i) the 1986 Agreement of Trust (the Trust Agreement) between ARWA and US Bank, as Trustee, and (ii) ARWA's Financial Policy Guidelines adopted May 21, 2015 (the Financial Policies).

The ARWA Board entered into the Trust Agreement primarily to provide security for the holders of ARWA's bonds. The Trust Agreement constitutes a contract with the Trustee and the bondholders. Material amendments may require consent of all or a majority of the bondholders, depending on the type of the proposed amendment. Most non-material amendments do not require bondholder consent.

The Financial Policies cover a range of topics intended to promote the sound financial management of ARWA. The Financial Policies are not a contract with bondholders or anyone else, and the ARWA Board has full discretion to amend them at any time.

### *Current Trust Agreement.*

The current Trust Agreement establishes five funds to be applied as described below:

- **Revenue Fund.** This is the fund where all revenue from billing the five participating jurisdictions is deposited initially. It is held by the Trustee. Participating jurisdictions are billed on a quarterly basis—9/30 (payment due 10/25), 12/31 (due 1/25), 3/31 (due 4/25), and 6/30 (due 7/25). The minimum balance in the Revenue Fund cannot go below \$100,000. Currently, on a quarterly basis, the Trustee makes deposits to the other four funds in the order listed below. ARWA (acting through the business manager) normally directs the Trustee through each step of the process.

- **Operating Fund.** This is the fund that ARWA uses to pay all the expenses for operating and maintenance. This fund is held by ARWA. On a quarterly basis the business manager advises the Trustee of the upcoming expenses for the next four months. The Trustee transfers funds from the Revenue Fund to the Operating Fund the amount necessary, less any money already on deposit, to fund any outstanding checks plus four months of operating and maintenance expenses, including budgeted rehabilitation costs, based on the current ARWA annual budget. ARWA then processes checks on the Operating Fund for payment of expenses. The reason for the four months amount of expenses is that participating jurisdictions are billed quarterly and have until the 25<sup>th</sup> of the following month to pay their invoice, which works out to four months.
- **Bond Fund.** This is the fund for the debt service and interest payments for the coming fiscal year. This fund is held by the Trustee. Once the Trustee has transferred sufficient money to ARWA to fully fund the Operating Fund, the Trustee then transfers money to the Interest Account of the Bond Fund to make the next six months of interest payments and to the Principal Account of the Bond Fund enough to make the next 12 months of principal payments. The Trust Agreement is designed to accommodate ideally fixed rate bonds that pay interest semiannually and principal once a year. And currently ARWA has three outstanding bonds (issued in 2012, 2017 and 2019) each of which bears interest at a fixed rate payable on each October 1 and April 1 and pays principal on each October 1. The Trustee applies the balances in the Interest Account and Principal Account to make the debt service payments on each bond when due.
- **Debt Service Reserve Fund.** The Debt Service Reserve Fund is held by the Trustee and is designed to maintain a minimum balance of one year of debt service on all of the outstanding bonds. If there is ever a deficiency in the Bond Fund to pay debt service on the bonds and the deficiency is not covered by amount in the Replacement Fund (as described below), the Trustee will apply the Debt Service Reserve Fund to the extent necessary to cover the deficiency. Each quarter after the Trustee makes the required transfers from the Revenue Fund to the Operating Fund and the Bond Fund, the Trustee will then transfer the amount, if any, necessary to restore the Debt Service Reserve Fund to its minimum balance.
- **Replacement Fund.** The Replacement Fund is held by the Trustee. After the Trustee makes the required transfers to the Operating Fund, Bond Fund and Debt Service Reserve Fund, it will then transfer from the Revenue Fund to the Replacement Fund the amount, if any, necessary to restore the balance in the Replacement Fund to \$500,000. The Replacement Fund is to be used in the following order of priority:
  - To pay Operating Expenses if the Operating Fund is insufficient.
  - To make transfers to the Bond Fund as needed to pay debt service.
  - To make transfers to the Debt Service Reserve Fund to restore its minimum balance.
  - To pay reasonable and necessary expenses with respect to the System for major repairs and replacements, System reconstruction or the construction of additions to, or extensions of, the System.

The Trust Agreement provides that any amount remaining in the Revenue Fund following the required transfers to the Operating Fund, Bond Fund, Debt Service Reserve Fund and Replacement Fund may be transferred to ARWA to be used for any of several listed purposes, including to pay the cost of System improvements or extensions and for any lawful purpose permitted by the [Virginia Water and Waste Authorities Act] and this [Trust Agreement]. ARWA has historically not instructed the Trustee to send it any of the excess money and as such the Revenue Fund has accumulated a balance of approximately \$6.5 million.

*Proposed Amendments to the Trust Agreement.*

The minimum balance for the Replacement Fund of \$500,000 was established thirty-five years ago. We are recommending that the Board increase the minimum balance for the Replacement Fund to \$2,500,000. The Replacement Fund minimum balance of \$2,500,000 would be consistent with the Equipment Repair and Replacement Fund (ERRF) for SCWWA. Furthermore, we are recommending that the “Replacement Fund” be renamed the “Equipment Repair and Replacement Fund.” We recommend that the Equipment Repair and Replacement Fund be viewed primarily as a reserve to address catastrophic events.

The Trust Agreement does not clearly address how to manage excess revenues. As described above, excess revenues are currently retained in the Revenue Fund. We are recommending that the Trust Agreement be modified to specify that once a year the Executive Director will direct the Trustee to transfer excess revenues out of the Revenue Fund. The excess revenues would be transferred within thirty days after acceptance and approval of the annual audit by the Board. The annual audit will be the formal process to identify the amount of excess revenues available for transfer to ARWA. The excess revenues will be deposited into two funds to be established pursuant to the Financial Policies (and outside of the Trust Agreement) as described below.

For FY22 and all future fiscal years, we are recommending that funds be transferred from the Revenue Fund to each fund so that each “bucket” is full July 1<sup>st</sup>. A table to illustrate the amounts required appears below:

Fund	Amount	Notes
<b>Operating Fund</b>		
1/4 FY21/22 Operating Expenses	\$1,875,150.00	operating \$7,500,600
1/4 FY21/22 Rehabilitation Fund	\$299,500.00	rehab portion of budget \$1,198,000
	\$2,174,650.00	
<b>Bond Fund</b>		
2012 Issuance	\$302,013.00	FY21/22 payment schedule
2017 Issuance	\$1,080,414.00	
2019 Issuance	\$705,940.00	
	\$2,088,367.00	
<b>Equipment Repair and Replacement Fund</b>		
	\$2,000,000.00	Current balance \$500K
<b>Total July 1<sup>st</sup> transfers</b>	\$6,263,017.00	FY21/22 transfer from Revenue Fund

These changes will require amendments to the Trust Agreement. Counsel has advised that the proposed changes will not require consent of the bondholders because they are either non-material or increase the security for the bondholders.

*Current Financial Policies.*

Described in the current Financial Policies are two tiers of reserves and funds. “Tier 1 Reserves” include funds established and held by the Trustee under the Trust Agreement and restricted for specific purposes. The Tier 1 Reserves include the Bond Fund, the Debt Service Reserve Fund and the various project construction funds funded with the proceeds of bonds issued under the Trust Agreement.

“Tier 2 Reserves” are those required or permitted by the Trust Agreement and are either held by ARWA or have purposes that are not narrowly restricted or have more flexible required minimum balances. Included as Tier 2 Reserves are the Revenue Fund, the Operating Fund and the Replacement Fund. ARWA has also included as a Tier 2 Reserve the operating reserve fund balance of 182.5 days operating cash on hand, which we reference in the ARWA budget as the “Reserve Policy” amount.

The current Financial Policies recommend that ARWA maintain a *combined* total of all Tier 2 Reserve funds equal to at least 50% of ARWA’s annual operating and maintenance budget. However, due primarily to the lack of clarity in the Trust Agreement as to the disposition of excess money in the Reserve Fund, ARWA has counted only the Reserve Policy amount towards the Tier 2 Reserve combined total, disregarding the balances carried in the Reserve Fund, Operating Reserve and the Replacement Fund.

*Proposed Changes to the Financial Policies.*

We recommend two changes to the Financial Policies.

The first proposed change would be to move the Revenue Fund, the Operating Fund and the Replacement Fund (proposed to be changed to the Equipment Repair and Replacement Fund) from Tier 2 to Tier 1 Reserve status. The Revenue Fund and the Replacement Fund are held by the Trustee and pledged to the bondholders and have limited permitted uses. With the proposed change to the Trust Agreement to require the executive director to clean out the excess in the Revenue Fund each year, large balances will not accumulate in the Revenue Fund. Although ARWA holds the Operating Fund, the permitted uses and balance in that fund are strictly regulated, which make it a better fit as a Tier 1 Reserve.

The second change is to create two Tier 2 Reserves, an Operating Reserve (existing) and a Rate Stabilization Fund, both to be held by ARWA. To reiterate, these would be created by policy and not by contract in the Trust Agreement, so they can be changed (and even eliminated) without any need for consent from the Trustee or the bondholders. The new reserves will not be pledged to the bondholders.

The Operating Reserve would be the place to maintain the minimum of 182.5 days operating cash on hand as recommended by the “Reserve Policy.” The first application of the excess revenues withdrawn each year from the Revenue Fund after the annual audit will be to restore or increase the balance in the Operating Reserve to the 182.5 days level. The amount necessary to maintain the minimum balance will be included in ARWA’s annual budget. For FY22, the Operating Reserve minimum balance will be

\$3,750,300.00, which we have on hand. Unlike the Operating Fund, the Operating Reserve only represents operating expenses and does not include rehabilitation projects identified in the budget.

The next application of excess revenues will be to fund the Operating Reserve up to 365 days of operating cash on hand. There will be no requirement to fund any amount over 182.5 days through the budget process, but ARWA will be allowed to accumulate the higher amount. Funding the operating Reserve to a level equal to 365 days of operating expenses will help to further insulate the Authority and its participating jurisdictions from any unexpected operational or financial disruptions and is in keeping with both best practices and accepted credit rating criteria for higher-rated utility credits. Further, this enhanced level of reserves will help the Authority to gain better access to the credit markets through certain State/Federal funding programs, bank financing or the public municipal bond market.

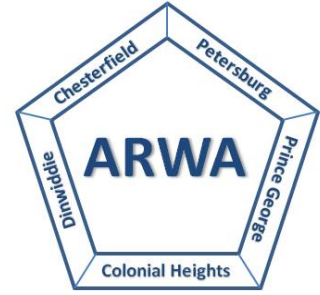
Any excess revenues left after the Operating Reserve is funded to the 365-day level will be deposited in the Rate Stabilization Fund. The Financial Policies will not recommend any minimum balance in the Rate Stabilization Fund. This fund will be a Board-designated fund and require Board approval for distribution. The Rate Stabilization Fund is not intended to be used to offset operating expenses, but rather to pay the costs of future large capital projects. Recommendations for use of the Rate Stabilization Fund will be suggested during each budget presentation with final approval being given the Board.

In their role as Financial Advisor to the Authority, Davenport has reviewed and discussed these amendments with Authority staff and counsel and is comfortable that these amendments will not weaken the Authority's financial or credit profiles. Further, they are of the opinion that these amendments will enhance the Authority's financial position and credit profile and that they will be well received by the credit and lending communities, thus enhancing the Authority's access to capital funding.

*Conclusion.*

These proposed changes to the Trust Agreement and Financial Policies will provide additional transparency for ARWA's finances as well as a process for investing excess revenue for future fiscal strength and capital project funding.

# Appomattox River Water Authority



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## EXHIBIT E

TO: Appomattox River Authority Board of Directors

FROM: Robert B. Wilson, P.E., Executive Director  
James C. Gordon, Assistant Executive Director

DATE: March 18, 2021

SUBJECT: Ongoing Projects\Operations

### Operating Status Report

This report hits the highlights and does not cover the day to day operations, maintenance or preventive maintenance summaries.

#### ➤ General

- The next scheduled Board of Directors Meeting is Thursday, May 20, 2021 at the Appomattox River Water Authority at 2:00 pm.
- We had a Worker's Comp accident where an employee fell and broke his collar bone and several ribs. This employee will be out through the end of March.
- Neither ice storm, February 12<sup>th</sup> or February 18<sup>th</sup> created problems for the plant. For the February 18<sup>th</sup> event, the Authority ran on generators for three days. The generators burn approximately 3,000 gallons/day combined. Our fuel vendor shuttled fuel through the weekend.
- The executive director is scheduling vacation from May 24<sup>th</sup> to June 4<sup>th</sup>. He wanted to make sure this does not conflict with any scheduled meetings that he should attend.

#### ➤ Operations

- Finished water met all permit requirements for January and February.
- Regenerated the carbon in filters 23 through 32.
- Phone VWP permit audit with DEQ. The biannual update on raw water capacity is due in October. The next bathymetric survey is due by October 2023.
- The average daily finished water consumption for January was 29.32 mgd and the total delivered was 1.047 BG. The average daily finished water consumption for February was 29.21 mgd and the total delivered was 0.911 BG.



- The January 1<sup>st</sup> lake level was +8” and the February 28<sup>th</sup> lake level was +10.5”.
- The ammonia PLC commissioning was completed.
- With new chemical bids, we are working through some issues on lime. Dave Sirois with the Addison-Evans WTP is providing some assistance.

#### ➤ Maintenance

- The old Detroit generator has been paid for and removed from site. The power company, at their cost, disassembled the generator enclosure, removed the generator and put enclosure back together in place for us. Staff assisted with reclaiming parts and pieces the power company did not want. Metals not taken by the power company including the muffler, radiator and internal supports were taken to recycle.
- Completed the installation of mag meters on Filters #6, 7, and 8. Work included removing old venturi’s, installing new mag meters and associated pipe improvements.
- Debris clearing from ice storms.
- Working on quotes to replace the fire alarm systems.
- Developing plan for repairing doors and adding cipher locks for improved plant security.
- Working with contractor to repair roof on ammonia building.
- Safety improvements in pipe gallery – grating and walkway modifications.
- Conducting interviews for a new maintenance mechanic. We have a mechanic retiring April 30<sup>th</sup> and this mechanic will fill that position.
- Working with an electrician to determine the cost to replace an authority owned transformer that serves one half of the plant. The thought is to rehab the one being taken out of service and put in inventory. There are three Authority owned transformers on site. Two are the same size and one is slightly bigger. The rehabbed transformer can be used in two locations and the third at reduced capacity. The larger transformer serves finished pump station 2.

#### ➤ Instrumentation

- Working with SCADA vendor on pilot project for new SCADA host system.
- Completed wiring and commissioning for new flowmeters for Filters #6, 7, and 8.
- New Domain trust set up between ARWA and SCWWA for smoother shared resources.
- Worked with Comcast to install faster internet.
- Ammonia PLC commissioning complete.
- Working with SCADA vendor to replace the outdated PLC controls for Rapid Mix.
- arc flash protection in 4160 switchgear at dam.
- Having contractor install solar powered camera on Dinwiddie Side of dam.

#### ➤ Laboratory

- Met all the VPDES requirements for January and February for the outfalls.
- Met monthly requirements for VDH report submittals.
- Supporting members on bac-t samples.
- Ongoing groundwater monitoring for lagoons. We are addressing a toxicity issue on the

outfall and have procured a consultant, Golder, to assist us.

➤ Phase II In-plant Project

- No change from what was reported last month.
- Proposals received and purchase orders issued for butterfly valves and surge valves. Surge valves have been delivered. The lead time on the actuated butterfly valves is eighteen to twenty weeks. MEB is scheduled to install this fall.

➤ 30" Transmission Fortification

- No change in status from the January meeting report.
- Purchase order has been issued to contractor. Waiting for a dryer time to minimize the pumping around operation.
- Water line checked during heavy rains – no visible issues.

➤ Prince George Meter Replacement

- Notice to proceed issued November 2, 2020.
- At the January meeting we discussed the underground power line conflicts. We have worked with Dominion and issued a purchase order to relocate the underground power lines in conflict, by Dominion, in the amount of \$12,626.11. With the recent ice storms, Dominion is behind schedule. We hope to have the lines moved by the middle of March.

➤ Hydrilla

- We have received two inquiries and provided answers. With the recent changes for our website provider, we have not added a hydrilla section yet.

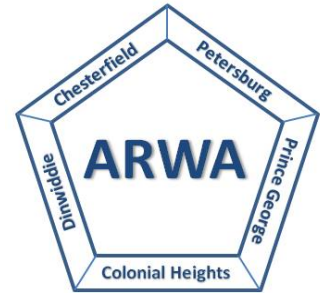
➤ Docks

- No new dock permits for this reporting period.

➤ Miscellaneous

- We had one inquiry on reservoir sedimentation. The property owner contacted Chesterfield County directly. This property owner is located in a cove in Chesdin Landing where the existing water level is shallow to start with. I provided the homeowner with contact information and requirements for the Corp for dredging and Chesterfield County with supporting information so Dr. Casey could respond directly.

# Appomattox River Water Authority



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21300 Chesdin Rd. - S. Chesterfield, VA 23803 - Phone (804) 590-1145 - Fax (804) 590-9285

## EXHIBIT F

TO: Appomattox River Water Authority Board of Directors

FROM: Robert B. Wilson, Executive Director  
James C. Gordon, Assistant Executive Director

DATE: March 18, 2021

SUBJECT: Annual Flushing

On Tuesday, March 10<sup>th</sup>, Chesterfield County ran a test to determine how long they could sustain their system without accepting water from ARWA to simulate the time for annual flushing. Unfortunately, with the Addison-Evans Water Treatment Plant offline for repairs and the closing of valves to reroute water from the City of Richmond, they experienced some unforeseen system issues and determined an interruption in service for transmission flushing could create an issue.

We are discussing options to minimize the interruption to Chesterfield during flushing operations. Operations along with maintenance staff have developed a couple of scenarios that could reduce the impact on Chesterfield and the amount of time before they could start pumping water. The scenario presented would stop pumping approximately an hour and work within their current pump sequencing.

As of the preparation of the agenda package, we are still discussing the options. We will provide an update at the meeting.

# EXHIBIT G

## Appomattox River Water Authority-Balance Sheet For Month Ending February 28, 2021

<b>Assets</b>		
<b>Current Assets</b>		
Petty Cash	\$	400
SunTrust Operating Fund	\$	1,082,349
SunTrust Replacement Fund	\$	-
<i>Total Unrestricted Cash</i>	<u>\$</u>	<u>1,082,749</u>
Water Revenue	\$	9,014,577
Reserve Account	\$	3,909,940
Replacement Account	\$	492,543
Debt Service Reserve	\$	2,141,174
Bond Principal/Interest	\$	977,120
Bond Construction	\$	988,128
<i>Total Restricted Cash</i>	<u>\$</u>	<u>17,523,481</u>
<b>Total Checking/Savings</b>	<b>\$</b>	<b>18,606,231</b>
Accounts Receivable	\$	14,613
Other Current Assets	\$	515
Inventory	\$	296,179
<b>Total Current Assets</b>	<b>\$</b>	<b>18,917,537</b>
<b>Fixed Assets</b>		
Land and Land Rights	\$	1,044,167
Water System	\$	85,599,031
Equipment	\$	1,708,459
Hydro	\$	34,873
Construction in Progress	\$	11,720,554
Accumulated Amortization	\$	(34,873)
Accumulated Depreciation	\$	(51,620,296)
<b>Total Fixed Assets</b>	<u>\$</u>	<u>48,451,914</u>
<b>Other Assets</b>		
Def Out Res-Post ER Pension Costs	\$	61,836
Deferred Outflow-OPEB GLI	\$	27,370
Def Out Res-Net Dif Pension Inv	\$	-
<b>Total Other Assets</b>	<b>\$</b>	<b>89,206</b>
<b>Total Assets</b>	<u><b>\$</b></u>	<u><b>67,458,657</b></u>
<b>Liabilities &amp; Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$	74,814
Retainage Payable	\$	175,442
Accrued Interest Payable	\$	139,596
<b>Total Current Liabilities</b>	<b>\$</b>	<b>389,853</b>
<b>Long Term Liabilities</b>		
Def Inf Res-Net Dif Pension Inv	\$	289,931
Def Inf Res-Pen Chg Assumptions	\$	(69,688)
Def Inf Res-Pens Dif Proj/Act E	\$	55,697
Net Pension Liability	\$	(477,262)
Def Infl-OPEB Chg of Assumptions	\$	176
Deferred Inflow-OPEB GLI	\$	9,788
Deferred Inflow-Expect & Actual	\$	16,819
Bonds Payable-2010	\$	4,139
Bonds Payable-2012	\$	2,140,000
Bonds Payable-2017	\$	11,192,000
Bonds Payable-2019 Refunding Bond Payment	\$	6,730,000
Bonds Payable-2019 Def Armt on Refunding	\$	(99,946)
Accrued Leave Payable	\$	185,257
Post Employment Benefit	\$	79,079
OPEB Liability-GLI	\$	129,368
<b>Total Long-Term Liabilities</b>	<u><b>\$</b></u>	<u><b>20,185,358</b></u>
<b>Total Liabilities</b>	<b>\$</b>	<b>20,575,211</b>
<b>Equity</b>		
Retained Earnings	\$	(230,175)
Reserve for Operations	\$	3,675,319
Reserve for Water Revenue	\$	6,093,832
Reserve for Replacements	\$	500,000
Reserve for Bond Interest	\$	139,604
Reserve for Debt Service	\$	2,090,663
Reserve for Bond Principal	\$	1,558,000
Reserve for Reserve	\$	3,785,013
Fixed Assets, Net of Debt	\$	29,000,143
Net Income	\$	271,047
<b>Total Equity</b>	<b>\$</b>	<b>46,883,446</b>
<b>Total Liabilities &amp; Equity</b>	<u><b>\$</b></u>	<u><b>67,458,657</b></u>
	\$	-

Appomattox River Water Authority  
YTD Income Statement for the period ending February 28, 2021

Water Rate Center

Revenues and Expenses Summary

<i>Budget</i>	<i>Budget</i>	<i>Actual</i>	<i>YTD Budget</i>	<i>Variance</i>
<i>FY 20/21</i>	<i>Year-to-Date</i>	<i>Year-to-Date</i>	<i>vs. Actual</i>	<i>Percentage</i>

**Operating Budget vs. Actual**

**Revenues**

Water Sales	\$ 10,794,656	\$ 5,397,328	\$ 6,643,902	\$ 1,246,574	23.10%
Rent/Misc. Income	\$ 30,000	\$ 15,000	\$ 8,929	\$ (6,071)	-40.47%
<b>Total Operating Revenues</b>	<b>\$ 10,824,656</b>	<b>\$ 5,412,328</b>	<b>\$ 6,652,832</b>	<b>\$ 1,240,504</b>	<b>22.92%</b>

**Expenses**

Personnel Cost	\$ 2,460,200	\$ 1,640,133	\$ 1,488,411	\$ (151,722)	-9.25%
Contractual/Professional Services	\$ 1,188,000	\$ 792,000	\$ 561,333	\$ (230,667)	-29.12%
Utilities	\$ 845,500	\$ 563,667	\$ 581,513	\$ 17,846	3.17%
Communication/Postal/Freight	\$ 51,200	\$ 34,133	\$ 28,210	\$ (5,924)	-17.35%
Office/Lab/Janitorial Supplies	\$ 112,000	\$ 74,667	\$ 55,302	\$ (19,365)	-25.93%
Insurance	\$ 96,000	\$ 96,000	\$ 95,969	\$ (31)	-0.03%
Lease/Rental Equipment	\$ 20,000	\$ 13,333	\$ 10,841	\$ (2,492)	-18.69%
Travel/Training/Dues	\$ 50,000	\$ 33,333	\$ 16,463	\$ (16,870)	-50.61%
Safety/Uniforms	\$ 28,000	\$ 18,667	\$ 27,659	\$ 8,993	48.18%
Chemicals	\$ 2,300,000	\$ 1,533,333	\$ 1,527,992	\$ (5,341)	-0.35%
Repair/Maintenance Parts & Supplies	\$ 355,000	\$ 236,667	\$ 203,301	\$ (33,365)	-14.10%
<b>Total Operating Expenses</b>	<b>\$ 7,505,900</b>	<b>\$ 5,035,933</b>	<b>\$ 4,596,996</b>	<b>\$ (438,937)</b>	<b>-8.72%</b>
<b>Operating Results Suplus/(Deficit)</b>	<b>\$ 3,318,756</b>	<b>\$ 376,395</b>	<b>\$ 2,055,835</b>	<b>\$ 1,679,441</b>	<b>446.19%</b>

**Replacement Outlay Budget vs. Actual**

Machinery & Motors	\$ 520,000	\$ 346,667	\$ 167,708	\$ (178,959)	-51.62%
Instrumentation	\$ 40,000	\$ 26,667	\$ 38,782	\$ 12,115	45.43%
SCADA	\$ 250,000	\$ 166,667	\$ -	\$ (166,667)	-100.00%
Computer Equipment	\$ 12,500	\$ 8,333	\$ 12,321	\$ 3,988	47.85%
Motor Vehicles	\$ 40,000	\$ 26,667	\$ -	\$ (26,667)	-100.00%
Valve Replacement	\$ 100,000	\$ 66,667	\$ 75,107	\$ 8,441	12.66%
Security Infrastructure Upgrade	\$ 250,000	\$ 166,667	\$ 25,914	\$ (140,752)	-84.45%
PG Meter Vault	\$ -	\$ -	\$ 186,885	\$ 186,885	#DIV/0!
<b>Total Capital Outlay</b>	<b>\$ 1,212,500</b>	<b>\$ 808,333</b>	<b>\$ 506,718</b>	<b>\$ (301,616)</b>	<b>-37.31%</b>

**Construction Outlay Budget vs. Actual**

In-Plant Capital Upgrade	\$ -	\$ -	\$ 789,190	\$ 789,190	#DIV/0!
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**Debt Service Budget vs. Actual**

Interest Income	\$ -	\$ -	\$ 4,294	\$ 4,294	#DIV/0!
Other (Income)	\$ -	\$ -	\$ 17	\$ 17	#DIV/0!
Sell of Asset	\$ -	\$ -	\$ 25,000	\$ -	#DIV/0!
Interest Expense	\$ 532,655	\$ 532,655	\$ 279,192	\$ (253,463)	-47.58%
Bond Issuance Cost	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Principal Payments	\$ 1,558,000	\$ 1,558,000	\$ 239,000	\$ (1,319,000)	-84.66%

**Other Income/Other Expense**

Alum Litigation Proceeds-Received YTD	\$ -	\$ -	\$ 438,692	\$ 438,692	#DIV/0!
Alum Litigation Proceeds-Credited to Members YTD	\$ -	\$ -	\$ 438,692	\$ 438,692	#DIV/0!

**Appomattox River Water Authority  
Executive Review  
Cash And Debt Highlights  
As of February 28, 2021**

<b>Highlights: ARWA Cash Positions</b>	<b>30-Jun-20</b>	<b>28-Feb-21</b>	<b>Change</b>	<b>Explanation</b>
<b>Unrestricted Cash &amp; Investments:</b>				
Petty Cash	\$ 400.00	\$ 400.00	\$ -	see explanation (a) below
SunTrust Operating Account	\$ 2,812,184.00	\$ 1,082,349.46	\$ (1,729,834.54)	see explanation (b) below
SunTrust Replacement Fund	\$ 2.70	\$ -	\$ (2.70)	see explanation (c) below
<b>Restricted Cash and Investments:</b>				
Water Revenue	\$ 4,919,509.91	\$ 9,014,576.52	\$ 4,095,066.61	see explanation (d) below
Reserve Account	\$ 3,784,839.46	\$ 3,909,940.34	\$ 125,100.88	see explanation (e) below
Replacement Account	\$ 434,099.50	\$ 492,543.00	\$ 58,443.50	see explanation (f) below
Debt Service Reserve	\$ 2,141,333.97	\$ 2,141,174.00	\$ (159.97)	see explanation (g) below
2010 Bond Principal/Interest	\$ 390,235.20	\$ 12.97	\$ (390,222.23)	
2012 Bond Principal/Interest	\$ 215,765.23	\$ 173,486.96	\$ (42,278.27)	
2017 Bond Principal/Interest	\$ 747,404.34	\$ 625,768.66	\$ (121,635.68)	
2019 Bond Principal/Interest	\$ -	\$ 177,851.10	\$ 177,851.10	
2017 Construction	\$ 1,956,769.11	\$ 988,127.86	\$ (968,641.25)	
<b>Total Cash and Investments</b>	<b>\$ 17,402,543.42</b>	<b>\$ 18,606,230.87</b>	<b>\$ 1,203,687.45</b>	

<b>Highlights: ARWA Outstanding Bonds</b>	<b>30-Jun-20</b>	<b>28-Feb-21</b>	<b>Change</b>
2010 Bond	\$ 440,000.00	\$ -	\$ (440,000.00)
2010 Bond-Def Amt on Refund	\$ (33,556.22)	\$ (33,556.22)	\$ -
2010 Bond-Premium	\$ 37,695.22	\$ 37,695.22	\$ -
2012 Bond	\$ 2,140,000.00	\$ 2,140,000.00	\$ -
2017 Bond	\$ 11,981,000.00	\$ 11,192,000.00	\$ (789,000.00)
2019 Bond	\$ 6,820,000.00	\$ 6,730,000.00	\$ (90,000.00)
2019 Bond-Def Amt on Refund	\$ (99,945.89)	\$ (99,945.89)	\$ -
<b>Total Bonds Outstanding</b>	<b>\$ 21,285,193.11</b>	<b>\$ 19,966,193.11</b>	<b>\$ (1,319,000.00)</b>

**Explanation of Unrestricted and Restricted Cash positions:**

- a. On-Hand Petty Cash for incidental expenses
- b. Financial Policy: Based on next four months of O&M expense
- c. Pass-through account: From US Bank to SunTrust Bank for Replacement Fund Requisitions
- d. Financial Policy: Held by Trustee for all operating water revenues
- e. Financial Policy: 50% of current FY O&M Budget
- f. Financial Policy: Must maintain a minimum of \$500K
- g. Financial Policy: Held by Trustee, funded at such amount as may be necessary.

