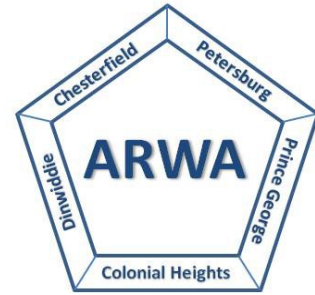


Appomattox
River
Water
Authority



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

APPOMATTOX RIVER WATER AUTHORITY

Board of Directors Meeting

DATE: January 16, 2025

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 November 21, 2024 (Exhibit A, pages 2 to 11)
3. Public Comment (Exhibit B, page 12)
4. Executive Director's Report:
 - Alternative Analysis Update (Exhibit C, pages 13 to 14)
 - FY2025/2026 Budget Presentation (Exhibit D, pages 15 to 46)
 - Elevated Tank Study Design (Exhibit E, pages 47 to 49)
 - Legal Services Annual Contract (Exhibit F, Page 50)
 - Status Report (Exhibit G, pages 51 to 54)
 - Financials (Exhibit H, pages 55 to 59)
5. Items from Counsel
6. Closed Meeting
7. Other items from Board Members/Staff Not on Agenda
8. Adjourn

EXHIBIT A

BOARD OF DIRECTORS MEETING
Appomattox River Water Authority
November 21, 2024, at 2:00 p.m.
Location: South Central Wastewater Authority
900 Magazine Rd. Petersburg, VA 23803

MEMBERS PRESENT:

Doug Smith, Chairman (Colonial Heights)
Kevin Massengill, Vice Chairman (Dinwiddie)
Joseph Casey, (Chesterfield)
March Altman, (Petersburg)
Jeff Stoke, (Prince George)

STAFF PRESENT:

Robert B. Wilson, Executive Director, (ARWA & SCWWA)
James C. Gordon, Asst. Executive Director (ARWA & SCWWA)
Arthur Anderson, (McGuireWoods)
Melissa Wilkins, Business Manager/FOIA (ARWA & SCWWA)
Tiffanee Rondini, Administrative Assistant (ARWA & SCWWA)

ALTERNATES PRESENT:

Eddie Pearson, (Alternate, Dinwiddie)
Frank Haltom, Secretary/Treasurer (Alternate, Prince George)
George Hayes, (Alternate, Chesterfield)

OTHERS PRESENT:

Amanda (Marlo) Green (Pocahontas Island Resident,
OCR Community Empowerment Group)
Stuart Connock, (Chesterfield County Park and Recreation)
John Harmon, (Real Property Manager)
Zach Hipes, (Farmer & Cox)

ABSENT:

Todd Flippen, (Alternate, Colonial Heights)
Jerry Byerly, (Alternate Petersburg)
Matt Rembold, (Alternate, Chesterfield)

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:

Participating members at the table were:

Doug Smith	Present
Kevin Massengill	Present
Frank Haltom	Present
Joseph Casey	Present
March Altman	Present

The ARWA meeting was called to recess by Mr. Smith, Chairman, at 2:03 p.m. and reconvened at 2:06 p.m.

2. Approval of Minutes: Minutes of the Regular Meeting of the Board on July 18, 2024

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

RESOLVED, that the Minutes of the Regular Meeting of the Board on July 18, 2024, are hereby approved:

For: 5 Against: 0 Abstain: 0

3. Public Comment

Ms. Green commented originally in the SCWWA meeting public comment period and requested that her comment also be added to the ARWA meeting minutes. Ms. Green stated that she was excited and would like to advise the Board that Petersburg's City Council approved the bypass road through the Roper site and as a community would like to know what the next steps are for SCWWA and what the timeline would be for breaking ground on the road project. Mr. Smith asked if staff or Mr. Altman had any information on this matter. Mr. Altman stated that Petersburg's City Council did approve of moving forward with the bypass road pending DCR authorization. There is a question whether the bypass road can be constructed in the floodplain. DCR will need to provide guidance on this question. Mr. Smith thanked Ms. Green for addressing the Board and asked if there

were any other public comments. There were no additional public comments, and the public comment period was closed.

4. Executive Director’s Report:

• **John Radcliffe Park Appomattox River Conservation Area**

Mr. Wilson stated staff met with Chesterfield County Parks and Recreation and agreed on an area for recommendation to the Board for a permanent easement adjacent to the John Radcliffe Appomattox Park Conservation Area. Mr. Wilson further stated that there would be a rephrased agreement confirming it as a permanent easement and retract the current lease agreement. Mr. Wilson introduced Mr. Harmon from Real Property for Chesterfield County. Mr. Harmon concurred with Mr. Wilson by stating they were requesting an easement over the existing lease area and the additional area, and the easement agreement will terminate the existing lease. Mr. Harmon further stated if the Board approves the permanent easement, a plat would be prepared for attachment to the easement agreement and then, request the Board sign it upon review and approval by counsel. Mr. Smith asked if the areas depicted in the red boxes in easement exhibit 2 included in the Board package were new amenities. Mr. Harmon said yes, and the new areas would allow a picnic shelter, as well as a couple more river access points for the bank fishermen, and access to additional hiking trails.

Mr. Harmon stated Parks and Recreation appreciates this opportunity to continue what has been a long-term relationship with the authority that started in 1983. Mr. Smith asked if there were any questions or comments. Dr. Casey commented that this was the value of master planning with property owners, families, and now the authority all helping to achieve that goal. Mr. Harmon stated they were finishing the acquisition of 38 acres of the old Greenwood property to the far eastern end of the Appomattox River Park that will include 18 islands in the river, and they are excited that they will be able to open the Greenwood property and provide public access. Dr. Casey added that FOLAR (Friends of the lower Appomattox River) is a great organization and Executive Director Wendy Austin will be retiring on December 31, 2024, and we may want to invite her and her successor to a future meeting. Mr. Smith stated that was a great idea. Mr. Smith further stated, getting people access to the water, it’s a wonderful amenity here, and the more we can do to keep expanding that, and our locality in Colonial Heights has been working on that as well right along the Appomattox river, fall line trail coming up, just wonderful opportunity for recreational amenities and getting people out to enjoy these kinds of areas.

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

RESOLVED, that the Board approves the additional permanent easement in substantially the form presented on Attachment D-1 and authorize the chairman to execute the easement agreement.

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

• **Annual Audit Presentation**

Mr. Hipes from Robinson, Farmer, Cox Associates presented the findings of the annual audit. Mr. Hipes stated there were no deficiencies, no issues, and no material weaknesses for FY2023/2024. Mr. Smith thanked Robinson, Farmer, Cox Associates. Mr. Smith additionally thanked Mr. Wilson, staff, and Ms. Wilkins for the diligent work getting everything processed and for the outstanding results. Mr. Smith asked Mr. Wilson to review the associated item regarding the year end results and

the True Up. Mr. Wilson stated in addition to the audit being successful there was a surplus of funds. Mr. Wilson requested that \$313,000.00 of the surplus to be used for specific projects outlined in the Board package and the remaining \$341,102.92 be distributed to members based on the percent usage for the fiscal year.

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

RESOLVED, that the Board accepts the findings of the FY2023/2024 audit as presented by Robinson, Farmer, Cox Associates.

For: 5 Against: 0 Abstain: 0

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

RESOLVED, that the Board approves the proposed appropriations and distribution of the surplus funds as recommended in the true-up, Attachment C-1.

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

- **Meeting Schedule for Calendar Year 2025**

Mr. Wilson presented the proposed meeting schedule for the 2025 calendar year. The Board recommended changing the January meeting date from January 23rd, 2025, to January 16th, 2025.

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

RESOLVED, that the Board approves the amended meeting schedule for regular scheduled meetings for calendar year 2025.

For: 5 Against: 0 Abstain: 0

- **Election of Officers**

Officer elections for Chairman, Vice Chairman, and Secretary/Treasurer were conducted by the Board.

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

RESOLVED, that the Board approves to continue with the current officers, Doug Smith as Chairman, Kevin Massengill as Vice Chairman, and Frank Haltom as Secretary/Treasurer for the 2025-2026 term beginning January 1st, 2025.

For: 5 Against: 0 Abstain: 0

- **Status Report**

Mr. Wilson reviewed the status report included in the agenda.

- **Financials**

Ms. Wilkins reported on the financials.

5. Items from Counsel

Mr. Anderson recommends readopting the 2023 remote participation policy with certain revisions and to add provisions for all-virtual public meetings.

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

RESOLVED, that the Board approves the amended Remote Participation and All-Virtual Meeting Policy.

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

Mr. Anderson announced that he would be retiring at the end of this year. Mr. Anderson stated it has been a privilege and pleasure to have represented both Authorities over the years and he will miss everyone. Mr. Smith presented a resolution recognizing Mr. Arthur Anderson for his contributions and dedication to both Authorities for the past 30 years.

Upon a motion made by Mr. Altman and seconded by Mr. Haltom the Board approved the Resolution:

RESOLVED, that the Resolution honoring Mr. Anderson is hereby approved:

For: 5 Against: 0 Abstain: 0

Roll Call Vote:

Participating members at the table were:

Doug Smith	Aye
Frank Haltom	Aye
Kevin Massengill	Aye
Joseph Casey	Aye
March Altman	Aye

6. Closed Session

There were no closed sessions.

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

There were no other items.

8. Adjourn

Mr. Smith stated, if there is no other business, he would entertain a motion to adjourn.

Upon a motion by Mr. Haltom and seconded by Mr. Massengill the meeting was adjourned at 3:01 p.m.

MINUTES APPROVED BY:

Frank Haltom/Secretary/Treasurer

RESOLUTION
OF THE APPOMATTOX RIVER WATER AUTHORITY
ESTABLISHING A REMOTE PARTICIPATION
AND ALL-VIRTUAL MEETING POLICY

NOVEMBER 21, 2024

WHEREAS, on January 26, 2023, the Board of the Appomattox River Water Authority (the "Authority Board") adopted a policy to permit individual Board members to participate in meetings using electronic communication means ("remote participation") pursuant to the Virginia Freedom of Information Act (Va. Code § 2.2-3700 et. seq.); and

WHEREAS, the Authority Board has determined to readopt the 2023 remote participation policy (with certain changes) and to add provisions for all-virtual public meetings.

NOW, THEREFORE, BE IT RESOLVED THAT:

A. A member of the Authority Board may use remote participation instead of attending a public meeting in person only as follows and subject to the requirements of section B, if, on or before the day of a meeting, the member notifies the Chairman of the Authority Board in writing or by telephone or e-mail that such member is unable to attend the meeting in person because:

1. The member has a temporary or permanent disability or other medical condition that prevents the member's physical attendance;
2. A medical condition of a member of the member's family requires the member to provide care that prevents the member's physical attendance;
3. The member's principal residence is more than 60 miles from the meeting location identified in the required notice for such meeting; or
4. The member is unable to attend the meeting due to a personal matter, the nature of which personal matter is identified with specificity.

B. Remote participation by a Board member as authorized under section A shall be only under the following conditions:

1. A member may not use remote participation due to personal matters as described in section A.4. above more than two meetings per calendar year or 25 percent of the meetings held per calendar year rounded up to the next whole number, whichever is greater;
2. If remote participation by a member is authorized pursuant to this Resolution, such member shall state and the Authority Board shall record in its minutes the

remote location from which the member participated; however, the remote location need not be open to the public and may be identified in the minutes by a general description;

3. If remote participation is authorized pursuant to section A.1 or A.2, the Authority Board shall also include in its minutes the fact that the member remotely participated due to a (i) temporary or permanent disability or other medical condition that prevented the member's physical attendance or (ii) family member's medical condition that required the member to provide care for such family member, thereby preventing the member's physical attendance;

4. If remote participation is authorized pursuant to section A.3, the Authority Board shall also include in its minutes the fact that the member remotely participated due to the distance between the member's principal residence and the meeting location;

5. If remote participation is authorized pursuant to section A.4, the Authority Board shall also include in its minutes the specific nature of the personal matter cited by the member;

6. A quorum of the Authority Board must be physically assembled at the primary or central meeting location; provided that, for purposes of determining whether a quorum is physically assembled, an individual member will count toward the quorum if the member (i) is a person with a disability as defined in § 51.5-40.1 and uses remote participation or (ii) is a caregiver for a person with a disability and uses remote participation;

7. The Chairman is authorized to determine whether a member's remote participation is authorized pursuant to section A.1, A.2 and A.3, but a majority of the quorum must approve a member's remote participation pursuant to section A.4 ;

8. In the event a Board member's remote participation is disapproved by the Chairman or the Board, such disapproval and the reason therefor shall be recorded in the minutes with specificity; and

9. The Authority Board will arrange for the voice of the remote participant to be heard by all persons at the primary or central meeting location.

C. A public meeting of the Board may be all virtual (i) whenever the Chairman deems an all-virtual meeting to be necessary or convenient for the Board and (ii) subject to the following requirements and limitations:

1. An indication of whether the meeting will be in-person or all-virtual shall be included in the required meeting notice along with a statement notifying the public that the method by which the Board chooses to meet shall not be changed unless the Board provides a new meeting notice in accordance with the provisions of § 2.2-3707;

2. Public access to the all-virtual public meeting shall be provided via electronic communication means;

3. The electronic communication means used shall allow the public to hear all members of the Board participating in the all-virtual public meeting and, when audio-visual technology is available, to see the members of the Board as well;

4. When audio-visual technology is available, a member of the Board shall, for purposes of a quorum, be considered absent from any portion of the meeting during which visual communication with the member is voluntarily disconnected or otherwise fails or during which audio communication involuntarily fails;

5. The public shall be afforded the opportunity to comment through electronic means, including by way of written comments, at those public meetings when public comment is customarily received;

6. Persons must activate their camera, with their face fully visible, before they will be given the opportunity to participate in public comment;

7. A phone number or other live contact information shall be provided to alert the Board if the audio or video transmission of the meeting provided by the Board fails, the Board monitors such designated means of communication during the meeting, and the Board takes a recess until public access is restored if the transmission fails for the public;

8. A copy of the proposed agenda and all agenda packets and, unless exempt, all materials furnished to members of the Board for a meeting shall be made available to the public in electronic format on the Authority's website at the same time that such materials are provided to members of the Board;

9. Votes taken during the electronic meeting shall be recorded by name in roll-call fashion and included in the minutes of the meeting;

10. No more than two members of the Board shall be together in any one remote location unless that remote location is open to the public to physically access it;

11. If a closed session is held during an all-virtual public meeting, transmission of the meeting to the public shall resume before the Board votes to certify the closed meeting as required by subdivision D of § 2.2-3712;

12. The Board shall not convene an all-virtual public meeting (i) more than two times per calendar year or 50 percent of the meetings held per calendar year rounded up to the next whole number, whichever is greater, or (ii) consecutively with another all-virtual public meeting; and

13. Minutes of all-virtual public meetings held by electronic communication means shall be taken as required by § 2.2-3707 and include the fact that the meeting was

held by electronic communication means and the type of electronic communication means by which the meeting was held. If a member's participation from a remote location is disapproved because such participation would violate the policy set forth in this Resolution, such disapproval shall be recorded in the minutes with specificity.

D. As required by subdivision D of §2.2-3708.3, the policy set forth herein shall be applied strictly and uniformly, without exception, to the entire membership of the Board and without regard to the identity of the member requesting remote participation or the matters that will be considered or voted on at the meeting.

E. Counsel has advised that for the Board to continue to use remote participation and all-virtual meetings the Board is required to adopt at least once annually, by recorded vote at a public meeting, a policy meeting the requirements of §2.2-3708.3.

F. This Resolution shall take effect on December 1, 2024.

Vote:

Doug Smith

Aye

Frank Haltom

Aye

Kevin Massingill

Aye

Joseph Casey

Aye

March Altman

Aye

RESOLUTION

WHEREAS, for more than 30 years, Mr. Arthur E. Anderson II has served as both legal and bond counsel for both the Appomattox River Water Authority and the South Central Wastewater Authority, and;

WHEREAS, Mr. Anderson was instrumental in the development and organization of the South Central Wastewater Authority and its service agreement, and;

WHEREAS, Mr. Anderson has provided sound advice on funding major projects, and;

WHEREAS, Mr. Anderson has provided both policy and administrative related recommendations, and;

WHEREAS, Mr. Anderson has advised Staff and the Board in legal matters related to Water Resource and Wastewater Treatment matters, and;

WHEREAS, the Boards of Directors wishes to recognize Mr. Anderson's years of service and dedication to both Authorities.

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Appomattox River Water Authority and the South Central Wastewater Authority, by unanimous vote this 21st day of November 2024, hereby recognize and commend Mr. Anderson on his exemplary service and wish him well in his future endeavors.

BE IT FURTHER RESOLVED that a copy of this RESOLUTION be incorporated into the Minutes of the Boards of the Appomattox River Water Authority and South Central Wastewater Authority and a copy be presented to him.

Appomattox River Water Authority &

South Central Wastewater Authority

Board of Directors

Douglas Smith, Colonial Heights

W. Kevin Massengill, Dinwiddie

Frank Haltom, Prince George

Dr. Joseph Casey, Chesterfield

March Altman, Petersburg

Jeffrey Stoke, Prince George



APPOMATTOX RIVER WATER AUTHORITY
21300 Chesdin Road
Petersburg, VA 23803



SOUTH CENTRAL WASTEWATER AUTHORITY
900 Magazine Road
Petersburg, VA 23803

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.

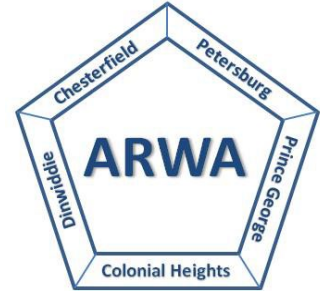
When two or more individuals are present from the same group, it is recommended that the group designate a spokesperson to present its comments to the Board and the designated speaker can ask other members of the group to be recognized by raising their hand or standing. Each spokesperson for a group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



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, Executive Director
James C. Gordon, Assistant Executive Director

DATE: January 16, 2025

SUBJECT: Alternative Analysis

Under the Status Report section of the November 21, 2024, Board package staff included a summary of the work completed to date for the Alternative Analysis. Representatives from Black and Veatch will present the findings to date formally to the Board at the meeting.

On a biannual basis the Authority provides updates to the Department of Environmental Quality (DEQ) for the Virginia Water Protection (VWP) Permit #01-1719. This is the fifteen-year permit that allows the Authority to withdraw raw water from Lake Chesdin. The Alternative Analysis will be an attachment to the Joint Permit Application (JPA) which is the process for renewing VWP #01-1719 that expires on October 31, 2028. The reason we are performing the Alternative Analysis now is to have a basis for discussion to begin a dialogue with DEQ to determine the necessary analysis and reports that will be required for the 2028 renewal. The analysis presented at the meeting will be included with this year's biannual update that is due November 1, 2025.

We have asked for the consultant to provide a revised cost to continue with Phase II of the Alternative Analysis. Phase II will include the following tasks:

- Modify/Update Hydraulic Model to include Supply Resiliency Analysis
- Feasibility Analysis for Additional Off-Site Reservoir Sites
- Raw Water Adequacy Analysis for JPA
- Modify Hydraulic Model for Resiliency Analysis for Off-Site Reservoir sites 47, 52, and 54
- Expanded Technical Memorandum

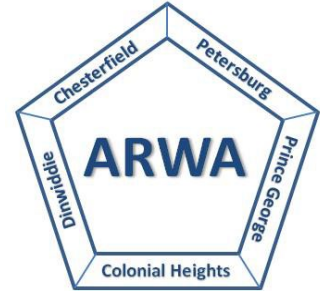
- Effects of Climate Change

The estimated cost for Phase II is approximately \$400,000. We should have the fee distributed prior to the meeting.

Board Action Requested:

Staff requests the Board review the scope and fee for Phase II and authorize the executive director to move forward with Phase II of the Alternative Analysis.

Appomattox
River
Water
Authority



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

EXHIBIT D

TO: Appomattox River Water Authority Board of Directors

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

DATE: January 16, 2025

SUBJECT: Proposed FY2025/2026 Budget

On December 16, 2024, staff distributed, via email, the proposed FY25/26 budget narrative to the primary members, utility directors and financial representatives. On December 19, 2024, staff presented the proposed budget to the utility directors in a meeting held at ARWA in the conference room.

The original budget narrative (black text) presented, and the comments captured from the member utility directors' meeting (blue text) are included as Attachment D-1.

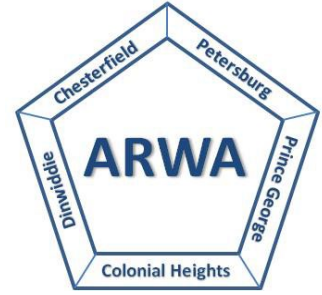
Staff will present the highlights from the compiled Budget Narrative at the meeting and address any questions.

Staff recommends the Board proceed with advertising the budget as presented in Attachment D-1 and setting the public hearing date for March 20, 2025, at 2:00 p.m. at the Appomattox River Water Authority. A copy of the proposed budget resolution as Attachment D-2.

Board Action Requested:

Staff requests the Board review the proposed budget and set a public hearing date for March 20, 2025, at 2:00 pm at the Appomattox River Water Authority for the proposed FY2025/2026 budget.

Appomattox River Water Authority



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 16, 2024

SUBJECT: Proposed FY25/26 Budget Narrative
Revision 001 – Comments from December 19th directors’ meeting

The following members and staff attended the December 19th meeting:

George Hayes	Chesterfield County
Matt Rembold	Chesterfield County
Eddie Pearson	Dinwiddie County Water Authority
Frank Haltom	Prince George County
Todd Flippen	City of Colonial Heights
Brian Copple	City of Petersburg
Robert Wilson	ARWA/SCWWA
Jamie Gordon	ARWA/SCWWA

The executive director gave an overview of the budget highlights.

The budget, Exhibit A, is divided into operating and maintenance costs, operating capital outlay, and debt service. Each participating jurisdiction is responsible for a pro rata share of the operating and maintenance costs and operating capital outlay costs. The current approved method for calculating the pro rata share for O&M costs and operating capital outlay costs is the previous five-year running average for each participating jurisdiction.

The pro rata shares used to develop the O&M costs and operating capital outlay costs for FY25/26 are:

	5-year	5-year	
	Average	Average	5-year
	FY25/26	FY24/25	Percent
Member	Calculated	Budgeted	Difference
Chesterfield County	74.038%	73.956%	0.111%
City of Colonial Heights	5.159%	5.255%	-1.827%
Dinwiddie County	3.689%	3.713%	-0.646%
City of Petersburg	14.585%	14.619%	-0.233%
Prince George County	2.530%	2.458%	2.929%

The five-year data used for each member is included as Exhibit B.

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. The last payment for the 2012 Issuance will be made 10/01/2027. For FY25/26 the debt service is \$271,000.00 and the interest is \$302,292.50.
- 2017 Issuance – Each participating jurisdiction’s pro rata share is calculated by the previous five-year running average for water purchased from the plant. The last payment for the 2017 Issuance will be made 10/01/2032. For FY25/26 the debt service is \$872,000.00 and the interest is \$229,647.50.
- 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 last payment for the 2019 Issuance is 10/01/2031. For FY25/26 the debt service is \$565,000.00 and the interest is \$138,011.18.

Both the 2012 Bond and the 2017 Bond financed solely capital maintenance projects to enhance the plant's reliability—not to expand the plant's capacity. In the authorizing resolutions for both the 2012 Bond and the 2017 Bond, the Board determined that the financed projects were for "improvement costs" within the meaning of the existing Water Service Agreements between the Authority and each of the participating jurisdictions (the "Existing Agreements"). Hence, under the Existing Agreements the debt service on both the 2012 Bond and the 2017 Bond is to be covered by the Authority's annual budgeted "Base Rate." The Base Rate is a uniform rate applied equally to all water purchases by each participating jurisdiction, which rate is based annually upon the five year running average water usage for all participating jurisdictions for a given fiscal year such that funds generated from charging the Base Rate will be sufficient to pay for all of the costs associated with (a) the operation and maintenance of the Authority's water system, and (b) all improvement costs incurred by the Authority (including, for example, the debt service on the 2012 Bond and the 2017 Bond and any other bonds issued to finance improvement costs).

The 2019 issuance refinanced the 2010 issuance which refinanced 2002 (plant operations and maintenance). The 2002 issuance refinanced the 1982 issuance (plant operations and maintenance) and the 1983 issuance (expansion - \$20 million). The breakdown of 45.62% for expansion and 54.38% for operations and maintenance was established with the 2002 issuance. This was verified in the Appomattox River Water Authority Billing Special Report dated April 23, 2019, by Chesterfield County Internal Audit. At that time, the 2010 issuance breakdown was audited.

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 factors would be growth and economic development

For the proposed FY25/26 Budget the operating and maintenance costs and operating capital outlay costs are developed by meeting with staff, setting priorities, and using up-to-date estimates. The proposed budget includes a 4.7% salary adjustment, which is a COLA as detailed in the Compensation and Classification Study. The selection of a 4.7% salary adjustment is based on the attached letter, Exhibit C, from the Archer Company that performed our Compensation and Classification Study in 2022 and the Employment Cost Index Summary for the third quarter of 2024, Exhibit D. We are also recommending increasing the top end of each salary ranges by 2.5%.

Specific highlights for the proposed FY26 operating budget:

- 41000 -Salary. (-\$52,578, -2.45%) Even though we are requesting a 4.7% salary adjustment, we are doing away with two positions, the maintenance supervisor, and a laboratory technician. The long-time maintenance chief is retiring, and that position will be filled. We are doing away with the maintenance supervisor under the maintenance

chief. This will be consistent with the SCWWA maintenance staff– manager and five mechanics. Through efficiencies in the laboratory and use of third-party vendors, we will not be filling the laboratory technician position recently vacated through retirement.

- 42000 – Employee Benefits. (-\$1,921, -0.22%) This is a minor decrease but is related to the reduction in staffing.
- 43000 – Contractual Services (+\$2,000, +0.16%)
 - We have added minor increases for auditing and accounting services.
- 45000 – Other Charges
 - 45110 – Electricity – Pumping (raw water from the lake) and 45111 Electricity – Purification (treatment plant) – we did not increase this line items from FY24/25. We utilized a third party to evaluate our power bills and changed the schedules from 100 (raw water – dam) and 130 (plant – transmission) to 132. We have been given calculations by Dominion that illustrate a potential credit. However, we do not have any historic trends to confirm this savings. Furthermore, VEPGA has indicated power costs will increase next year as a result of retiring coal fueled plants and not enough natural gas plants coming onto the grid. Those are the reasons we did not reduce this line items. When we get additional billing history, we will consider on the FY26/27 budget.
 - 45210 – Postage Services (+\$500, +33%) – this increase is based on actual postage billing.
 - 45220 – Freight (+\$15,000, +150%) – this increase is based on actual freight costs for materials received at the plant.
 - 45308 – General Liability Insurance (+\$10,000, +8%). Small, anticipated increase.
 - 45530 – Meals and Lodging (+\$7,000, +280%) – this separates meals and lodging from the training line item. We send the operators to Virginia Tech for a week for class and their next licensure exam. We also have upcoming supervisors we are providing continuing education towards management. This line item has been underbudgeted in the past.
- 46000 – Materials and Supplies
 - 46001 – Office supplies (+\$5,000, +50%) – this includes office furniture and offices supplies.
 - 46004 – Laboratory Supplies. (+\$8,000, +9.41%) This increase is for the annual FlowCam maintenance and onsite training by FlowCam representatives.
 - 46005 – Purification Chemicals. (+\$500,000, +13.33%) This increase is based on the increases that our various chemicals suppliers have advised for calendar year 2025. Chemical bids will be opened in January. At that time, we will input “as bid” numbers into the budget and adjust accordingly prior to the Board acting.
 - 46007 – Repair and Maintenance Supplies – Shop (+\$10,000, +4.76%). Increased cost because of anticipated inflation.

The Operating Capital Outlay (58000 series) included the following changes for FY24/25:

- 58010 – Machinery and Motors – Process

- \$25,000 to clean and possibly rewind Raw Water Pump Station #2, Pump 20 and inspect the mechanical side of the pump (rotating assembly).
- \$30,000 to purchase a 24” butterfly valve and actuator for replacing waste valves for the filters. Staff plans to purchase a new valve and actuator and then rebuild the failed valve and put into inventory.
- \$25,000 to clean and possibly rewind Raw Water Pump Station #2, Pump 20 and inspect the mechanical side of the pump (rotating assembly).
- \$50,000 to purchase electric actuators for Filters 1-8 to install on the valves in the pipe gallery on the outlet side of the filters. The installation will be accomplished by maintenance and IT staff. This is a multi-year project. This is the old side of the plant and there are 56 actuators.
- \$50,000 to purchase electric actuators for Filters 9-16 to install on the valves in the pipe gallery on the outlet side of the filters. The installation will be accomplished by maintenance and IT staff. This is a multi-year project. This is the new side of the plant and there are 40 actuators.
- 58020 – Instrumentation
 - \$30,000 – Replace Sedimentation Sludge PLC’s – purchase new PLC’s and supporting appurtenances to upgrade existing PLC’s. Work to be performed by inhouse process control staff.
 - \$30,000 – RTU replacement – this replaces field RTU’s at the meter vaults. Work to be performed by process control staff.
 - \$21,000 – IFC 300 transmitters (Five RTU locations) – replaces the field transmitters that send information back to the plant SCADA from the meter vaults. Installation to be performed by process control staff.
 - \$85,000 – Switchgear Motor Protective Relays – this replaces the protective relays at the dam and finished water switchgear.
- 58030 – SCADA
 - \$15,750 – Process WMWare 2 Hosts – scheduled for replacement every five years.
- 58040 – Computer Equipment
 - \$5,500 – IT LAN Switch Replacement - scheduled local area network (LAN) replacement – black box annually.
- 58050 – Furniture and Fixtures
 - \$130,000 – this is to replace countertops in the laboratory. The existing cabinets are 1983 vintage.
- 58065 Maintenance Equipment
 - \$25,000 – new construction trailer.
- 58090 – Construction
 - \$110,000 – replace four brick air release vaults with 72” precast manholes on the transmission line. This is year two of a five-year replacement project.
 - \$135,000 – replace handwheels actuators with right angle actuators for closure with an electric wrench on sedimentation basins 10 through 12.

- \$50,000 – rebuild the cone valve. The cone valve is the valve used to meet the discharge requirements when the water level is below the top of dam. This would be for the hydraulic lines, control pack and hydraulic actuator on the valve.
- \$300,000 – rebuild the Swift Creek Meter Vault. This is an access, safety, and valve upgrade for the vault.

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

1. Rebuild Filters 2-8 – With the FY24/25 true-up, funds were appropriated for a preliminary engineering report (PER) to evaluate select filters among the thirty-two filters. This includes coring select filters and excavating down to the bottom of each type of filter and inspecting. There are three specific filter designs in the plant – Robert’s with wheeler bottoms (filters 1-8 - inverted pyramids), Leopolds with flat clay plate bottoms (filters 9-16) and Robert’s with PVC profile bottoms (filters 16-32). Currently we have seen more issues with filters 16-32 – grout failures causing the PVC profile bottom to float upward. Operations staff has been successful with digging down on the filters by hand and performing point repairs by physically anchoring the PVC profile bottom.

The PER will identify what needs to be done and propose a timeframe. We suspect that the coring results will illustrate the much of the sand has been displaced or vacuumed out with the carbon change out process. This can be resolved, i.e., sand added, during the carbon change out process. Furthermore, we do not intend on repairing the PVC bottoms on filters sixteen to thirty-two until one fails. If it is not budgeted it can be funded from the Operating reserve if it is an emergency and then the Operating Reserve would be reimbursed in the following budget cycle (if necessary – currently we exceed the six-month minimum reserve requirement). That is the reason the debt service was pushed out to FY26/27 because we will not have the results of the PER until after the budget is approved. Another year on the filters does not create any issues.

2. Lagoon Liners – as detailed in the bimonthly Status Reports to the Board, we are currently working on the Site Characterization Plan (SCP) for the lagoons. In conversations with our consultant, WSP, it would most likely be the next permit cycle before any action would take place. The current VPDES permit expires on September 30, 2028. In addition, the current thought process is that the Authority may be allowed to perform some type of groundwater monitoring at a set frequency since the data collected to date illustrates results below the groundwater drinking standards. DEQ approval of the SCP was received on December 9th. The sampling as identified in the SCP will not be completed until the middle of 2025. With that being said, we moved the debt service out another year. If we do not have to mitigate because of the SCP findings, we are still going to need to develop a plan to clean out the lagoons for future use. That is the reason the debt service was not removed from the capital plan.

3. Elevated Tank Storage – the PER was distributed to member utility directors. From the information presented in the PER we are recommending the elevated storage tank project not move forward at this time. The necessary improvements to the transmission system (addition of pressure reducing valves), the estimated project cost, and the forecasted flow reduction for FY34/35 are some of the reasons that brought us to this conclusion. However, we did request and obtain a proposal from our consultant to perform the design if it is determined the project should move forward, \$350,000. If there is the desire to move forward, this project could either be added to the budget or funded out of the Operating Reserve.

The remaining four projects showing appropriations, without detail in the CIP, are to 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 funding for these projects in the future.

The Authority continues to maintain an Operating Reserve and Equipment Repair and Replacement Fund (ERRF). With the magnitude of the future transmission projects, consideration should be given to starting a Rate Stabilization Fund that would be funded annually to offset these significant future costs. The consensus of the utility directors for past budget discussions has been to borrow the funds at the time the projects are necessary and not appropriate funds on an annual basis for a Rate Stabilization Fund. We continued that concept with this budget development.

The transmission system was originally constructed in 1969 which makes it fifty-six years old. Ductile iron pipe has been known to reach useful lives in excess of seventy-five years. 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 or reduction in pipe wall thickness of the ductile iron pipe. The existing transmission system should have a remaining useful life of another twenty to twenty-five years. Paralleling of the transmission system will most likely be the result of increased demands and the need for additional transmission capacity. Currently, the plant capacity is greater than the transmission capacity. Recent projections provided by the Authority's largest customer show that the eastern leg to the Swift Creek Meter Vault will be significantly reduced in FY34/35.

At the bottom of the budget, we have added a "Total Replacement and Construction Budget" section. This section totals the amount of operating capital outlay projects and debt service. The reason we added this section was to show this total for both operating capital outlay 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 operating capital outlay costs, and used debt service values from the respective payment schedules. For the five-year projections, the most significant increase is slated for FY26/27. That is if we still include the capital borrowing for the three projects identified above.

There are minor increases shown for the debt service for each issuance. This is consistent with the debt service schedules.

Statistics for the proposed FY25/26 budget:

- There will be an increase of \$503,000 from FY24/25 to FY25/26 or 5.20% for operating expenses.
- The increase cost for chemicals is \$500,000.
- The overall increase to the total budget is 7.13%.
- The required 50% operating reserve for FY25/26 is \$4,926,752. The current balance of the operating reserve is \$7,141,295 as of 6/30/2024.

The cost per 1,000 gallons for past five years plus proposed FY26 is as follows:

			Colonial		Prince
Fiscal Year	Chesterfield	Petersburg	Heights	Dinwiddie	George
FY21	\$ 0.9980	\$ 0.9946	\$ 1.0254	\$ 1.4457	\$ 1.3537
FY22	\$ 0.9857	\$ 0.9833	\$ 1.0140	\$ 1.4240	\$ 1.3345
FY23	\$ 0.9905	\$ 0.9874	\$ 1.0179	\$ 1.4198	\$ 1.3300
FY24	\$ 1.0616	\$ 1.0586	\$ 1.0889	\$ 1.4851	\$ 1.3898
FY25	\$ 1.1008	\$ 1.0979	\$ 1.1282	\$ 1.5271	\$ 1.4220
FY26	\$ 1.1028	\$ 1.1000	\$ 1.1300	\$ 1.5190	\$ 1.4056

The change is cost per 1,000 gallons for the same time period is as follows:

			Colonial		Prince
Fiscal Year	Chesterfield	Petersburg	Heights	Dinwiddie	George
FY21	1.87%	1.91%	1.70%	-0.45%	-1.18%
FY22	-1.23%	-1.14%	-1.11%	-1.50%	-1.42%
FY23	0.49%	0.42%	0.38%	-0.29%	-0.34%
FY24	7.18%	7.21%	6.98%	4.60%	4.50%
FY25	3.69%	3.71%	3.61%	2.83%	2.32%
FY26	0.18%	0.19%	0.16%	-0.53%	-1.15%

The capacity of the plant is governed by DEQ through the VWP permit and VDH through our operating Permit:

- VWP Permit #01-1719 (raw water)
 - A maximum daily withdrawal of 86.24 mgd.
 - A maximum monthly withdrawal of 2.289 BG.
 - A maximum annual withdrawal of 17.934 BG.
- VDH PWSID: 4041035 (finished water)
 - Six month rolling average for production cannot exceed 56 mgd.

The maximum daily withdrawal to date is 60.0 mgd (October 11, 2022); maximum monthly withdrawal to date is 1.566 BG (June 2024); and the maximum annual withdrawal to date is

13.961 BG (2021). The maximum six-month rolling average for production to date is 39.40 mgd (April – September 2024).

The debt service reserve and the ERRF are held by the trustee. Both accounts are invested in U.S. Treasury notes per the requirements provided by the Board.

To date, the plant has completed the first two quarters of the required four quarter sampling for six PFAS compounds. The results for the first two quarters were “non detect”.

Key points for discussion at the December 19th meeting:

- Proposed salary adjustment.

The group discussed the salary adjustment. There was a comment that the Archer letter recommended a different value than the Employment Cost Index (EPI). The Archer letter was received in July and the EPI was through September. The EPI has a recent number, 4.7%, for government employees and that was the value used in the budget preparation for the salary adjustment.

Mr. Flippen stated he did not think the City of Colonial Heights was going that high for their salary adjustment. Mr. Hayes stated that Chesterfield County has gone to January 1st of each year for their salary adjustments and their next salary adjustment is scheduled for January 2025 at 4%.

- Address any budget questions.

There were no other formal budget questions outside which is captured in the other bullets.

- Address the elevated tank project
 - Proceed with design out of Operating Fund - \$350,000
 - Delay or cancel project

The group discussed the elevated tank project. The executive director reiterated the high project cost, the addition of three pressure reducing valves on the transmission system, and the estimated flow reduction by the largest member in FY33/34 lead to the recommendation by staff to delay the project. Mr. Hayes stated Chesterfield has been getting many economic development inquiries but does not know how they will affect utility infrastructure. He went to state that completing the design and having it on the shelf would be a benefit in the event the timeframe for these improvements gets accelerated. The other member representatives agreed that completing the design process now and then presenting back to the Board when the construction should be added to the capital plan. Since the project also includes siting the elevated tank and working through the Planning Department, the process could take some time.

The executive director advised there is a surplus in the Operating Reserve of approximately \$2.2 million. The Authority’s trust engineer has provided a design fee of

\$350,000 to complete the formal design. The group recommended moving forward with the design funded out of the surplus in the Operating Reserve upon Board approval. This way the design can be finalized with no rate implications to the members. The executive director advised he would prepare an agenda item for the January 16th agenda requesting \$350,000 out of the Operating Reserve to move forward with the elevated tank(s) design.

- **Timing for three proposed capital projects – proposed borrowing**

The executive director advised that the PER for the filters is being funded out of the surplus from the FY24 true-up. This PER will not be completed until after the budget process. That means the filter project will be delayed another year. In follow-up conversations with the plant manager that will not create any operating issues. More time is needed to determine which filters may need to be rehabilitated and if there is a more economical solution such as adding sand to the filters.

As stated in the narrative, there appear to be more issues with the newer filters (filters 16 through 32). If there is catastrophic failure of a particular filter, we will address it at that time and would use the Operating Reserve if the cost could not be funded by the current Operating Budget.

For the lagoon project, the Authority's consultant is currently gathering data as outlined in the Site Characterization Plan. The most recent discussions and data illustrate there is connection between the lagoon and groundwater in the area, but the results are below the groundwater drinking standards. One of the more favorable outcomes would be to continue with monitoring. Staff is also looking into the potential for dredging the existing lagoons. At this point the Site Characterization Plan is still ongoing and we do not have enough information to make a recommendation.

From the above discussion, we are recommending moving the forecasted borrowing for the elevated tanks, filters, and lagoons out one year until we receive and review the necessary studies and plans to determine how to proceed. Based on the findings we will be in a better position to update the estimates and timeframes for these three proposed improvements. Delaying these projects, a year, does not create any operating or reliability issues for the plant.

Exhibit A

APPOMATTOX RIVER WATER AUTHORITY

Proposed: January 16, 2025

Approved:

Revised:

Revision Approved:

PROPOSED OPERATION & MAINTENANCE BUDGET 2025/2026

	2019/2020 Actuals	2020/2021 Actuals	FY2021/2022 Actual	FY2022/2023 Actual	FY2023/2024 Actual	FY2024/2025 Budget	FY2025/2026 Budget	FY24/25 to FY25/26 \$ Change % Change	
O&M EXPENSES									
41000 · Salary	\$1,691,847	\$1,620,365	\$1,626,746	\$1,999,457	\$2,118,748	\$2,232,741	\$2,180,163	-\$52,578	-2.45%
42000 · Employee Benefits	\$509,715	\$530,066	\$261,169	\$262,608	\$265,124	\$936,462	\$934,541	-\$1,921	-0.22%
42100 · Employer FICA	\$126,460	\$123,147	\$132,991	\$158,499	\$154,180	\$170,805	\$166,782	-\$4,022	-2.45%
42200 · Virginia Retirement System	\$78,973	\$54,351	\$57,633	\$30,573	\$32,332	\$52,023	\$50,798	-\$1,225	-2.45%
42210 · Deferred Comp 457	\$2,837	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
42300 · Hospitalization Insurance	\$425,430	\$423,875	\$416,457	\$463,447	\$494,622	\$668,615	\$673,646	\$5,031	0.83%
42400 · VRS Group Life Insurance	\$20,313	\$19,359	\$20,286	\$24,665	\$26,246	\$29,919	\$29,214	-\$705	-2.45%
42500 · Group Term Life	\$1,645	\$1,526	\$1,442	\$1,631	\$1,755	\$2,100	\$2,100	\$0	0.00%
42600 · Unemployment Insurance	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	-\$1,000	-100.00%
42800 · Employee Promotions	\$4,848	\$2,326	\$4,087	\$2,597	\$3,409	\$10,000	\$10,000	\$0	0.00%
42900 · Other Fringe Benefits - EAP	\$1,676	\$1,734	\$1,788	\$1,618	\$1,727	\$2,000	\$2,000	\$0	0.00%
42950 · OPEB Health Insurance Adj	-\$8,296	-\$2,907	-\$5,376	-\$27,246	-\$2,069	\$0	\$0	\$0	0.00%
42952 · Net Pension Adjustment	-\$144,170	-\$93,344	-\$368,139	-\$393,175	-\$439,671				
42953 · GLI OPEB Expense					-\$7,407				
43000 · Contractual Services	\$893,464	\$902,470	\$1,024,086	\$891,980	\$958,429	\$1,277,700	\$1,279,700	\$2,000	0.16%
43121 · Auditing Services	\$7,900	\$8,100	\$8,400	\$11,000	\$12,500	\$13,000	\$14,000	\$1,000	7.69%
43122 · Accounting Services	\$16,494	\$12,232	\$62,234	\$12,691	\$15,475	\$16,000	\$17,000	\$1,000	6.25%
43124 · Part-Time Summer Interns			\$0	\$0	\$1,350	\$5,000	\$5,000	\$0	0.00%
43130 · Legal/Engineering and Reservoir Studies	\$114,861	\$5,836	\$0	\$0	\$26,165	\$50,000	\$50,000	\$0	0.00%
43140 · Consulting Engineers	\$34,304	\$81,575	\$30,979	\$41,005	\$57,650	\$75,000	\$75,000	\$0	0.00%
43150 · Legal Services	\$67,228	\$65,497	\$60,028	\$45,356	\$44,839	\$85,000	\$85,000	\$0	0.00%
43152 · Medical - Testing	\$1,558	\$4,881	\$6,705	\$1,860	\$2,080	\$5,000	\$5,000	\$0	0.00%
43155 · Other Consulting Services	\$0	\$0	\$10,500	\$0	\$0	\$0	\$0	\$0	0.00%
43156 · Admin Svc-SCWWA	-\$52,741	\$15,671	\$18,265	\$24,981	\$485	\$0	\$0	\$0	0.00%
43160 · Trustee Services	\$11,608	\$8,204	\$8,800	\$9,000	\$9,000	\$12,000	\$12,000	\$0	0.00%
43162 · Bank Service Charges	\$850	\$2,075	\$1,838	\$833	\$1,744	\$2,100	\$2,100	\$0	0.00%
43170 · Research	\$15,107	\$15,107	\$15,560	\$16,338	\$0	\$17,500	\$17,500	\$0	0.00%
43180 · Potable Water Contract	\$421,798	\$415,743	\$468,609	\$524,514	\$539,310	\$625,000	\$625,000	\$0	0.00%
43190 · Samples and Tests	\$37,019	\$30,062	\$44,527	\$34,484	\$32,841	\$50,000	\$50,000	\$0	0.00%
43200 · Lake Patrol	\$3,000	\$3,000	\$3,000	\$3,000	\$3,910	\$4,000	\$4,000	\$0	0.00%
43201 · Reservoir Management - Invasive Control Program	\$48,140	\$65,646	\$17,034	\$0	\$2,450	\$25,000	\$25,000	\$0	0.00%
43210 · Software Support	\$25,734	\$32,931	\$67,975	\$58,054	\$13,208	\$70,000	\$70,000	\$0	0.00%
43220 · VPDES Permit Fee	\$10,041	\$10,245	\$16,573	\$14,482	\$11,179	\$15,000	\$15,000	\$0	0.00%
43310 · Repair Services	\$18,052	\$29,089	\$35,811	-\$7,683	\$18,146	\$25,000	\$25,000	\$0	0.00%
43320 · Service Contracts	\$83,763	\$70,081	\$106,047	\$53,105	\$111,325	\$125,000	\$125,000	\$0	0.00%
43500 · Printing and Binding	\$647	\$502	\$164	\$377	\$221	\$1,000	\$1,000	\$0	0.00%
43600 · Grounds Maintenance	\$28,100	\$25,993	\$41,038	\$48,583	\$54,551	\$57,100	\$57,100	\$0	0.00%
45000 · Other Charges	\$958,230	\$1,033,868	\$1,098,562	\$1,314,916	\$1,384,039	\$1,382,600	\$1,415,100	\$32,500	2.71%
45110 · Electricity - Pumping	\$476,248	\$526,132	\$560,000	\$655,414	\$679,932	\$675,000	\$675,000	\$0	0.00%
45111 · Electricity - Purification	\$245,951	\$264,537	\$271,467	\$377,067	\$384,261	\$380,000	\$380,000	\$0	0.00%
45120 · Heating Fuel	\$33,886	\$55,851	\$80,187	\$54,417	\$49,988	\$65,000	\$65,000	\$0	0.00%
45130 · Trash Pickup	\$3,196	\$4,772	\$7,730	\$7,408	\$9,121	\$8,100	\$8,100	\$0	0.00%
45210 · Postal Services	\$1,467	\$2,286	\$859	\$750	\$1,648	\$1,500	\$2,000	\$500	33.33%

45220 · Freight	\$18,266	\$13,552	\$7,693	\$14,241	\$22,589	\$10,000	\$25,000	\$15,000	150.00%
45230 · Telecommunications	\$28,560	\$29,725	\$30,420	\$31,811	\$32,171	\$35,000	\$35,000	\$0	0.00%
45308 · General Liability Insurance	\$95,686	\$99,140	\$98,837	\$124,847	\$142,594	\$130,000	\$140,000	\$10,000	8.00%
45410 · Lease/Rent of Equipment	\$19,672	\$13,062	\$16,383	\$12,641	\$11,999	\$20,000	\$20,000	\$0	0.00%
45510 · Mileage Allowance	\$211	\$121						\$0	0.00%
45530 · Meals and Lodging	\$3,352	\$705	\$2,137	\$3,507	\$9,854	\$3,000	\$10,000	\$7,000	280.00%
45540 · Education and Training	\$10,481	\$3,903	\$5,136	\$17,260	\$20,142	\$30,000	\$30,000	\$0	0.00%
45550 · Safety Supplies	\$21,253	\$20,083	\$17,713	\$15,553	\$19,741	\$25,000	\$25,000	\$0	0.00%
46000 · Materials and Supplies	\$5,082,337	\$2,409,528	\$2,631,878	\$3,999,489	\$4,571,020	\$4,024,000	\$4,547,000	\$523,000	12.29%
46001 · Office Supplies	\$11,336	\$8,896	\$9,127	\$8,262	\$12,665	\$10,000	\$15,000	\$5,000	50.00%
46004 · Laboratory Supplies	\$73,412	\$61,669	\$74,273	\$92,963	\$85,491	\$93,000	\$101,000	\$8,000	9.41%
46005 · Purification Chemicals	\$1,776,891	\$2,117,536	\$2,128,742	\$3,414,524	\$3,990,524	\$3,500,000	\$4,000,000	\$500,000	13.33%
46006 · Purification Process and Janitorial Supplies	\$9,714	\$8,064	\$8,267	\$8,605	\$7,338	\$10,000	\$10,000	\$0	0.00%
46007 · Repair & Maint Supplies-Shop	\$232,583	\$2,146	\$167,884	\$272,511	\$321,982	\$170,000	\$180,000	\$10,000	4.76%
46008 · Vehicle and Equipment Fuels	\$15,538	\$45,272	\$39,114	\$47,798	\$22,379	\$48,000	\$48,000	\$0	0.00%
46009 · Vehicle and Equipment Supplies	\$18,379	\$17,647	\$11,697	\$16,713	\$15,376	\$15,000	\$15,000	\$0	0.00%
46010 · Equipment Parts and Small Equipment Purchases	\$24,704	\$35,116	\$23,260	\$1,898	\$13,050	\$25,000	\$25,000	\$0	0.00%
46011 · Uniforms	\$11,171	\$14,321	\$11,719	\$10,167	\$12,139	\$15,000	\$15,000	\$0	0.00%
46012 · Dues and Subscriptions	\$17,128	\$20,708	\$34,218	\$36,612	\$34,625	\$38,000	\$38,000	\$0	0.00%
46014 · Repair & Maint Supplies-IT	\$69,780	\$53,887	\$70,001	\$25,348	\$18,051	\$25,000	\$25,000	\$0	0.00%
46015 · Small Equipment Purchases	\$4,135	\$0	\$4,062			\$0	\$0	\$0	0.00%
46016 · Operations Supplies and Maintenance	\$15,566	\$24,264	\$49,515	\$64,087	\$37,400	\$25,000	\$25,000	\$0	0.00%
46017 · Process Control	\$0	\$0	\$0	\$0	\$0	\$50,000	\$50,000	\$0	0.00%
Total Operating Expenses	\$9,135,592	\$6,496,298	\$6,642,441	\$8,468,450	\$9,297,361	\$9,853,503	\$10,356,503	\$503,000	5.20%
58000 · Operating Capital Outlay						\$742,250	\$1,117,250	\$375,000	64.05%
Debt - 2026 Issue	\$754,741	\$451,220	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Debt - 2012 Issue	\$300,276	\$301,636	\$302,103	\$302,322	\$302,293	\$302,016	\$302,475	\$460	0.15%
Debt - 2017 Issue	\$1,075,508	\$1,080,517	\$1,080,414	\$1,080,795	\$1,080,648	\$1,079,973	\$1,080,744	\$771	0.07%
Debt - 2019 Issue (2010 Refunded)		\$257,283	\$705,940	\$704,760	\$703,011	\$705,495	\$706,888	\$1,393	0.20%
Total Debt	\$2,130,525	\$2,090,656	\$2,088,457	\$2,087,876	\$2,085,952	\$2,087,483	\$2,090,106	\$2,623	0.13%
Reserve Policy	\$169,694	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Total Expenses	\$11,435,811	\$8,586,954	\$8,730,898	\$10,556,326	\$11,383,312	\$12,683,236	\$13,563,860	\$880,624	7.13%

Revenues

Appomattox River Water Authority

FY Budget Year

2025/2026

Proposed

Jan. 16, 2025

Adopted

Revised

Revision Adopted

		<u>Chesterfield</u>	<u>Colonial Heights</u>	<u>Dinwiddie</u>	<u>Petersburg</u>	<u>Prince George</u>	<u>Total</u>
1) Operations and Maintenance Base Rate							
O&M Rate							
	\$/1000 gallons	\$ 1.1000	\$ 1.1000	\$ 1.1000	\$ 1.1000	\$ 1.1000	\$ 1.1000
Estimated (\$/quarter)	\$	2,445,353	\$ 170,379.65	\$ 121,854	\$ 481,712	\$ 83,546	\$ 3,302,844.42
Total annual allocation	\$	9,781,413	\$ 681,519	\$ 487,414	\$ 1,926,847	\$ 334,185	\$ 13,211,378
% of flows		74.038%	5.159%	3.689%	14.585%	2.530%	100.000%
Estimated (mgd)		24.363	1.697	1.214	4.799	0.832	32.906
Calc. annual usage (bg)		8.892	0.620	0.443	1.752	0.304	12.011
O&M =	\$	10,356,503	Op. Cap. Outlay \$ 1,117,250	54.38% 2019 Debt (maintenance)	\$	384,406	
Int./Misc. Income	\$	30,000	100% 2012 Debt \$ 302,475	100% 2017 Debt \$ 1,080,744	Reserve Policy		\$0
BASE RATE	\$/1000gals	\$ 1.1000	\$ 1.1000	\$ 1.1000	\$ 1.1000	\$ 1.1000	
2) Expansion Rate							
Bonds	% Financed						
Rate (cents/1000 gals)		\$ 0.0029	\$ 0.0300	\$ 0.4190	\$ -	\$ 0.3056	
2019 expansion (\$/year)	45.62%	\$ 25,379	\$ 18,575	\$ 185,685	\$ -	\$ 92,843	\$ 322,482
% allocation		7.87%	5.76%	57.58%	0.00%	28.79%	100.00%
FY24/25 Bond Payments	2019 refunding =	\$ 706,888					
TOTAL DEBT SERVICE RATE	\$/1000 gals	\$ 0.0029	\$ 0.0300	\$ 0.4190	\$ -	\$ 0.3056	
	\$/year	\$ 25,379	\$ 18,575	\$ 185,685	\$ -	\$ 92,843	\$ 322,482
3) Total Rate							
TOTAL RATE (BASE + EXPANSION)	\$/1000gals	\$ 1.1028	1.1300	1.5190	1.1000	1.4056	\$ 1.2515
Estimated annual charges	\$/year	\$ 9,806,793	\$ 700,094	\$ 673,100	\$ 1,926,847	\$ 427,027	\$ 13,533,860
4) Budget Comparison							
FY25/26 Total Rate	\$/1000 gals	\$ 1.1028	\$ 1.1300	\$ 1.5190	\$ 1.1000	\$ 1.4056	\$ 1.2515
FY24/25 Total Rate	\$/1000 gals	\$ 1.0616	\$ 1.0889	\$ 1.4851	\$ 1.0586	\$ 1.3898	\$ 1.2168
Total Rate Difference	\$/1000 gals	\$ 0.0412	\$ 0.0411	\$ 0.0340	\$ 0.0414	\$ 0.0158	\$ 0.0347
Total Rate Difference	%	3.88%	3.77%	2.29%	3.91%	1.14%	2.85%
FY25/26 Revenues	\$/year	\$ 9,806,793	\$ 700,094	\$ 673,100	\$ 1,926,847	\$ 427,027	\$ 13,533,860
FY24/25 Revenues	\$/year	\$ 8,814,096	\$ 663,274	\$ 643,051	\$ 1,810,334	\$ 387,457	\$ 12,318,213
Annual Cash Difference	\$/year	\$ 992,697	\$ 36,820	\$ 30,049	\$ 116,513	\$ 39,570	\$ 1,215,647

FY25/26 Expenses \$ 13,563,860 FY 25/26 Income Revenue \$ 13,563,860

NOTES:

Reserve Policy: Appomattox River Water Authority FY25/26

Reserve Policy Calculation

ARWA O&M Budget	Reserves as of 6/30/2024	Revenue for FY2024/2025	Total expected reserves on 6/30/2025	Recommended 50% O&M Reserves	Annual Charge to achieve 50% Reserves
\$9,853,503	\$7,141,295	\$0	\$7,141,295	\$4,926,752	\$0

APPOMATTOX RIVER WATER AUTHORITY
Operating Capital Outlay - 58000
FY25/26

Acct#	Proposed FY ITEM	Current Budget 24/25	Proposed Budget 25/26	INFORMATIONAL & PLANNING										Totals	
				26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35			
58010 - Machinery and Motors-Process	RW2/P-20 VFD/Soft Starter		\$ 25,000	\$ 150,000											\$ 175,000
	Replace filter waste valves and actuators		\$ 30,000												\$ 30,000
	Rebuild P21 Pump & Motor		\$ 25,000												\$ 25,000
	Pipe Gallery Filter 9-16 valve and actuator rehab	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000										\$ 200,000
	Pipe Gallery Filter 1-8 valve and actuator rehab	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000										\$ 200,000
58020 - Instrumentation	Replace Sedimentation Basin sludge PLCs	\$ 30,000	\$ 30,000												\$ 60,000
	RTU Replacement	\$ 30,000	\$ 30,000												\$ 60,000
	IFC 300 transmitters (Five RTU Locations)		\$ 21,000												\$ 21,000
	Air Burst Control Panel Replacement	\$ 70,000													\$ 70,000
	Feeder Protection relays	\$ 70,000													\$ 70,000
	Switchgear Motor Protection Relays		\$ 85,000		\$ 85,000										\$ 170,000
	Replace turbidity meters in pipe gallery			\$ 35,000	\$ 35,000	\$ 35,000									\$ 105,000
	Replacement AA			\$ 25,000			\$ 25,000								\$ 50,000
	Replacement TOC Analyzer				\$ 35,000										\$ 35,000
58030 - SCADA	Process VMWare 2 Hosts (replace every 5 yrs)		\$ 15,750					\$ 20,500							\$ 36,250
	OT Sans			\$ 20,000							\$ 28,500				\$ 48,500
	OT Domain Controllers 1&2 VM Replacement							\$ 20,000							\$ 20,000
	SCADA Terminal Server VM Replacement								\$ 39,000						\$ 39,000
	Historian Server VM Replacement								\$ 15,000						\$ 15,000
	SCADA 1&2 VM Replacement							\$ 20,000							\$ 20,000
	OT Firewall (replace every 5 yrs)					\$ 10,000					\$ 12,800	\$ 12,800			\$ 35,600
58040 - Computer Equipment	IT LAN Switch Replacement (1/yr)	\$ 5,250	\$ 5,500	\$ 5,800	\$ 6,000	\$ 6,400	\$ 6,720	\$ 7,000	\$ 7,300	\$ 7,800	\$ 8,200	\$ 8,610			\$ 74,580
	IT Domain Controllers 1&2 VM Replacement				\$ 15,000								\$ 20,000		\$ 35,000
	IT RDS Server VM Replacement					\$ 35,000									\$ 35,000
	IT VMWare 2 Hosts (replace every 5 yrs)	\$ 15,000					\$ 25,000								\$ 40,000
	SANs (replace every 7 yrs)			\$ 20,000											\$ 20,000
	Server Room Enterprise Switch (replace every 7 yrs)						\$ 25,500								\$ 25,500
	IT Firewall (replace every 5 yrs)			\$ 6,000						\$ 6,100					\$ 12,100

58050 - Furniture and Fixtures	Rollup door for Phosphate room	\$ -	\$ 30,000															\$ 30,000
	Laboratory cabinets and countertops	\$ 130,000																\$ 130,000
58060 - Motor Vehicles	Vehicles	\$ 12,000	\$ -	\$ 45,000	\$ 55,000	\$ 40,000	\$ 50,000	\$ 40,000	\$ 100,000									\$ 342,000
58065 - Maintenance Equipment	Equipment	\$ -	\$ 25,000		\$ 15,000	\$ 70,000												\$ 110,000
58090 - Construction	Clearwell roof/membrane Replacement	\$ 300,000		\$ 300,000														\$ 600,000
	Air Release vault (4 per year)	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000												\$ 550,000
	Basin 10-12 Influent Actuator right angle conversion		\$ 135,000															\$ 135,000
	Rebuild Cone Valve		\$ 50,000															\$ 50,000
	Rehab Swift Creek Meter Vault		\$ 300,000															\$ 300,000
	Pipe Gallery #2 acces to valves and actuators				\$ 250,000													\$ 250,000
	Rebuild Traveling Screen						\$ 75,000										\$ 75,000	
TOTALS:		\$ 742,250	\$ 1,117,250	\$ 846,800	\$ 691,000	\$ 251,400	\$ 152,220	\$ 192,500	\$ 61,300	\$ 53,900	\$ 149,500	\$ 41,410	\$ 4,299,530					

NOTE: FY 21/22 OPERATING CAPITAL OUTLAY BUDGET TO BE APPROVED WITH BUDGET

**Construction Fund (Capital Projects)
FY25/26**

ITEM	Project Cost Estimate	Budget 24/25	Proposed Budget 25/26	INFORMATIONAL & PLANNING										>10 years				
				26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35						
2012 Bond		\$ 302,016	\$ 302,475	\$ 301,671	\$ 301,604													
2017 Bond		\$ 1,079,973	\$ 1,080,744	\$ 1,080,936	\$ 1,080,550	\$ 1,080,572	\$ 1,079,991	\$ 1,080,781	\$ 1,079,929	\$ 1,080,423								
2019 Bond (2010 Rebonding)		\$ 705,495	\$ 706,888	\$ 712,224	\$ 701,702	\$ 705,204	\$ 702,762	\$ 699,439	\$ 700,021									
Rebuild Filters 1-8	\$ 5,500,000		\$ -	\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	\$ 404,633	\$ 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	\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558	\$ 588,558
Elevated Tank Storage	\$ 12,000,000		\$ -	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107	\$ 1,052,107
Transmission Main - Chesdin Rd. to Pickett Rd																		\$ 10,369,000
Transmission Main - Pickett Ave. to Matoaca Tank																		\$ 10,369,000
Transmission Main - Matoaca Tank to Branders Bridge																		\$ 11,946,000
Transmission Main - Branders Bridge to Lakeview																		\$ 3,526,000
Totals		\$ 2,087,483	\$ 2,090,106	\$ 4,140,129	\$ 4,129,153	\$ 3,831,075	\$ 3,828,051	\$ 3,825,518	\$ 3,825,248	\$ 3,125,721	\$ 2,045,298	\$ 2,045,298						

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

Total Operating Capital Outlay and Construction Budget											
24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	
\$ 2,829,733	\$ 3,207,356	\$ 4,986,929	\$ 4,820,153	\$ 4,082,475	\$ 3,980,271	\$ 4,018,018	\$ 3,886,548	\$ 3,179,621	\$ 2,194,798	\$ 2,086,708	

ARWA Budget comparisons

Year	O&M Expenses	Operating Capital Outlay	Debt Service issue	Debt Service 2012 issue	Debt Service 2017 issue	See Note (1)	See Note (2)	Reserve Policy	Total	Difference	% change	Comments
						Debt Service 2019 issue	Debt Service 2026 issue					
24/25	\$ 9,823,503	\$ 727,250	\$ -	\$ 302,016	\$ 1,079,973	\$ 705,495	\$ -	\$ -	\$ 12,638,236	\$ -		
25/26	\$ 10,326,503	\$ 1,117,250	\$ -	\$ 302,475	\$ 1,080,744	\$ 706,888	\$ -	\$ -	\$ 13,533,860	\$ 895,624	7%	Reserve Fund is 50% of O&M
26/27	\$ 10,636,299	\$ 846,800	\$ -	\$ 301,671	\$ 1,080,936	\$ 712,224	\$ 2,045,298	\$ -	\$ 15,623,228	\$ 2,089,368	15%	
27/28	\$ 10,955,388	\$ 691,000	\$ -	\$ 301,604	\$ 1,080,550	\$ 701,702	\$ 2,045,298	\$ -	\$ 15,775,541	\$ 152,313	1%	
28/29	\$ 11,284,049	\$ 251,400	\$ -	\$ -	\$ 1,080,572	\$ 705,204	\$ 2,045,298	\$ -	\$ 15,366,524	\$ (409,017)	-3%	
29/30	\$ 11,622,571	\$ 152,220	\$ -	\$ -	\$ 1,079,991	\$ 702,762	\$ 2,045,298	\$ -	\$ 15,602,842	\$ 236,318	2%	

Notes:
 (1) The 2010 issue was refinanced with the 2019 issue.
 (2) The debt service service shown in 2026 represents:
 Rebuild filters \$ 404,633 replace filters 1-8, end of life - \$5.5M
 Lagoon Liner \$ 588,558 regulatory driven by DEQ based on groundwater monitoring program - \$8.0M
 Elevated Storage \$ 1,052,107 construction of elevated storage tanks, line in and out of tanks, connections to the Chesdin 42 and 72 water mains at ARWA - \$12,000,000

ARWA Projected Annual Cost

5 year projections - O&M, Operating Capital Outlay, Reserve Policy, 54.38% 2019 Series, 2012 Series, 2017 Series, and estimated 2026 Series

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	total
	74.038%	5.159%	3.689%	14.585%	2.530%	100.000%
FY 24/25	\$ 9,118,783	\$ 635,350	\$ 454,395	\$ 1,796,315	\$ 311,546	\$ 12,316,389
FY 25/26	\$ 9,781,413	\$ 681,519	\$ 487,414	\$ 1,926,847	\$ 334,185	\$ 13,211,378
FY 26/27	\$ 11,326,533	\$ 789,175	\$ 564,409	\$ 2,231,221	\$ 386,974	\$ 15,298,311
FY 27/28	\$ 11,442,856	\$ 797,279	\$ 570,205	\$ 2,254,136	\$ 390,948	\$ 15,455,424
FY 28/29	\$ 11,138,846	\$ 776,098	\$ 555,056	\$ 2,194,249	\$ 380,562	\$ 15,044,810
FY 29/30	\$ 11,314,635	\$ 788,346	\$ 563,816	\$ 2,228,877	\$ 386,567	\$ 15,282,242

Note: Budget % based on five year average flow consumption (FY19/20 to FY23/24)

Need to include miscellaneous revenue in O&M Expenses to match up rates from revenue page

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

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	total
Capacity	7.870%	5.760%	57.580%	0.000%	28.790%	100.000%
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
FY 26/27	\$ 25,571	\$ 18,715	\$ 187,087	\$ -	\$ 93,543	\$ 324,917
FY 27/28	\$ 25,193	\$ 18,439	\$ 184,323	\$ -	\$ 92,161	\$ 320,116
FY 28/29	\$ 25,319	\$ 18,531	\$ 185,243	\$ -	\$ 92,622	\$ 321,714
FY 29/30	\$ 25,231	\$ 18,467	\$ 184,602	\$ -	\$ 92,301	\$ 320,600

5 year projections - \$/year

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	TOTAL
FY 24/25	\$ 9,144,113	\$ 653,888	\$ 639,715	\$ 1,796,315	\$ 404,205	\$ 12,638,236
FY 25/26	\$ 9,806,793	\$ 700,094	\$ 673,100	\$ 1,926,847	\$ 427,027	\$ 13,533,860
FY 26/27	\$ 11,352,104	\$ 807,890	\$ 751,496	\$ 2,231,221	\$ 480,517	\$ 15,623,228
FY 27/28	\$ 11,468,049	\$ 815,718	\$ 754,528	\$ 2,254,136	\$ 483,110	\$ 15,775,541
FY 28/29	\$ 11,164,165	\$ 794,628	\$ 740,299	\$ 2,194,249	\$ 473,183	\$ 15,366,524
FY 29/30	\$ 11,339,867	\$ 806,812	\$ 748,417	\$ 2,228,877	\$ 478,868	\$ 15,602,842

5 year projections - \$/1000 gallons

	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	Average
Annual consumptions (1000 gallons)				12,010,544		
Five year average flows (FY17/18 to FY21/22)	74.038%	5.159%	3.689%	14.585%	2.530%	100.000%
FY 24/25	\$ 1.0283	\$ 1.0554	\$ 1.4437	\$ 1.0255	\$ 1.3305	\$ 1.1767
FY 25/26	\$ 1.1028	\$ 1.1300	\$ 1.5190	\$ 1.1000	\$ 1.4056	\$ 1.2515
FY 26/27	\$ 1.2766	\$ 1.3039	\$ 1.6960	\$ 1.2737	\$ 1.5816	\$ 1.4264
FY 27/28	\$ 1.2897	\$ 1.3166	\$ 1.7028	\$ 1.2868	\$ 1.5902	\$ 1.4372
FY 28/29	\$ 1.2555	\$ 1.2825	\$ 1.6707	\$ 1.2526	\$ 1.5575	\$ 1.4038
FY 29/30	\$ 1.2752	\$ 1.3022	\$ 1.6890	\$ 1.2724	\$ 1.5762	\$ 1.4230

See Note (1) below

Notes:
 (1) The FY26/27 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.

Exhibit B

	Jurisdiction percentages based of averages					
	Chesterfield	Colonial Heights	Dinwiddie	Petersburg	Prince George	Total
FY2011 - 1 yr avg	68.767%	7.034%	4.663%	17.106%	2.429%	100.000%
FY2012 - 1 yr avg	68.452%	6.881%	4.885%	17.302%	2.480%	100.000%
FY2013 - 2yr avg	69.046%	6.242%	5.063%	17.397%	2.253%	100.000%
FY2014 - 3yr avg	70.222%	6.175%	4.741%	16.631%	2.232%	100.000%
FY2015 - 4yr avg	70.683%	6.055%	4.488%	16.519%	2.255%	100.000%
FY16 - 5yr avg	70.393%	6.082%	4.391%	16.820%	2.314%	100.000%
FY17 - 5yr avg	70.527%	6.074%	4.202%	16.815%	2.382%	100.000%
FY18 - 5 yr avg	71.082%	5.911%	4.009%	16.574%	2.424%	100.000%
FY19 - 5 yr avg	71.145%	5.757%	3.919%	16.716%	2.462%	100.000%
FY20 - 5 yr avg	71.394%	5.721%	3.987%	16.397%	2.502%	100.000%
FY21 - 5 yr avg	72.790%	5.493%	3.873%	15.400%	2.444%	100.000%
FY22 - 5 yr avg	73.256%	5.374%	3.821%	15.089%	2.460%	100.000%
FY23 - 5 yr avg	73.956%	5.255%	3.713%	14.619%	2.458%	100.000%
FY24 - 5 yr avg	74.038%	5.159%	3.689%	14.585%	2.530%	100.000%



Memorandum

To: Clients and Friends of The Archer Company

Subject: Pay Increase Budget and Salary Structure Movement Recommendations for 2025

Dear Clients and Friends:

The intent of this letter is to provide The Archer Company's recommendations regarding budgeting for both pay increases and salary structure adjustments for 2025. Given the continued volatility in the labor market and general economy (with inflation moving steadily down but continued wage pressure experienced by most employers), our recommendations continue to be particularly important.

Depending on when your fiscal year starts, this letter is either timely, too late or too early. But the analysis process we recommend in making the decisions can be used at any time during the year, to accommodate different budget planning timelines.

We have two compensation decisions for your consideration, and because we believe the decisions should be made based on different criteria, we will make recommendations for both pay increase budgets and salary structure increases in this email.

Our bottom-line recommendations are presented in the "Quick Summary and Key Takeaways" section below.

This year we have expanded our letter to include more market predictions, a discussion about the relative value of cost of living and cost of labor data in making compensation planning decisions (see the Appendix), and more information from the market on projected salary increases and salary structure adjustments for 2025.

Quick Summary And Key Takeaways

- The labor market will show strength but will no longer be "hot"
- Inflation will continue to cool
- If you budget 4.0%-4.4% for annual salary increases (general/across-the-board and merit increases) and 2.4% for salary structure adjustments, you should be competitive
- We recommend focusing on ECI data (cost of labor changes) and CPI data together to determine next year's pay increase budget

Our Best Market Predictions for 2025

The Status of the General Economy and Labor Economy:

- At the time of writing, the inflation rate stands at 2.9%. It is down over 6% since the high in June of 2022 (9.1%). These rates continue the trend of moderating inflation and may have a tempering effect on compensation increases. However, some economists predict that as long as inflation is above the target rate of 2.0%, we may continue to see higher levels of compensation growth
- While employers are trending toward moderation in salary budgeting for 2025 (see below), an employee survey from the American Staffing Association and The Harris Poll earlier this year indicates that over half of US workers feel their pay checks are not keeping up with the pace of inflation. This level of concern is likely to lead to continued job-hunting behavior in our opinion. In fact, according to interpretations of Consumer Price Index data reported by PayScale, wages have risen 33.1% overall in the U.S. since 2006 but, when



factoring in inflation, “real wages” have actually fallen 12.6%. In other words, it is arguable that the income for a typical employee today buys less than it did almost 20 years ago

Salary Increase Budgets for 2025

- The professional association for compensation professionals, WorlDatWork, in their July 31, 2024 article “Global Salary Increase Budgets Contracting” perhaps says it best – “Moderation is the Trend”
- As a baseline, **actual pay increases** in 2024 for U.S. employees averaged 4.1% -- down from 4.5% in 2023. Annual pay increases are softening in a “cooler” U.S. labor market
- Salary increase **budgets** were also lower in 2024 than in 2023, falling from 4.4% in 2023 to 3.9% in 2024
- Another indicator of a softening in annual pay increase trends is that the **actual** average salary increase budgets in the U.S. of 3.9% represents a full 0.2% decrease from **the projected 2024 average salary increase budget** of 4.1%. In this area of statistics, a 0.2% decrease is significant
- The largest survey of Total Salary Budgets, published by WorlDatWork with a sample size of 2,249 U.S. employers, predicts, for **government workers**, an **average salary increase in budgets of 4.3% in 2025** (across all job levels) following an **actual** average salary increase of 4.7% in 2024, a notable reduction
 - A few other industries report a projected salary increase budget of greater than 4.0% (agriculture, construction, pharmaceuticals, professional and scientific, rental, and real estate, and mining/extraction)
- Other major compensation surveys are also predicting slightly higher salary increases in 2025 for **government employees** compared to other groups
- There are indications that employers plan to be more conservative with 2025 salary budgets, anticipating lower demand, which in turn is resulting from larger-term stability in their employee base following a several year period of high turnover and resignations
 - Indeed, according to Willis Towers Watson, while 38% of employer reported having trouble hiring and retaining employees in 2024, this figure dropped almost 20 percentage points from two years ago (57%)
- The variation in the size of salary increase budgets is lessening. Fewer organizations are reporting extremely low or extremely high salary increase budgets for 2024 and 2025. In other words there is increasing consolidation in salary increase budget decisions than there has been in the last few years
- Only 20% of U.S. employers plan to set aside a higher compensation budget for 2025 than they did for 2024; the majority of organizations report budgets will be about the same for 2025 than they were in 2024
 - Employers indicating their salary budgets have actually *increased* recently tend to attribute it to continued competition for talent and/or labor shortages. At the same time, many organizations plan to reduce salary increase budgets, in order to offset higher increases in 2024
- Employers continue to make longer-term changes to their compensation programs as well as to their workplace flexibility programs. According to Willis Towers Watson, 45% of US employers have undertaken a full compensation review of all employees in the last 1-2 years
- In summary, compensation growth appears to be slowing along with a tightening labor market. But there is still a gap between the hires and open jobs rate, which indicates that employers are still looking for employees. This points toward higher compensation growth, but the tightening of the gap may indicate that the time of high compensation growth is cooling.



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

Salary Structure Adjustments Planned for 2025

- According to WorldatWork the average salary structure increase was 2.5% in 2024, lower than the projected increase of 2.65% for the same year
- The average projected salary structure increase for 2025 dips down again to **2.4%** across all employee levels and all regions

Other Human Resources Trends

- Realizing that success in attracting and retaining employees is more than just about pay, organizations are taking action to address current market conditions and employee needs by providing more workplace flexibility (52%) and improving the employee experience (52%) through a variety of means
- Employers are taking more of a holistic approach to their rewards programs, factoring in such components as bonuses, long-term incentives, and health and wellness benefits. While bonuses and long-term incentives may not be possible or are more difficult in the public sector, keep in mind your private sector competitors are taking action in these areas. Your private sector competitors may increasingly impact your ability to recruit from the private sector for jobs in several areas including IT, Finance, Engineering, Planning, and various management role

Sources: WorldatWork, Willis Towers Watson, U.S. News and World Reports, Society for Human Resources Management, PayScale, The Harris Poll, American Staffing Association

Recommendations

General Recommendations

- We recommend that, annually, several months before the beginning of your fiscal year, you determine the appropriate amounts to budget for both pay increases and salary structure movement. Ideally the amounts will not generally be the same percentage
- While you may choose not to increase the pay structure itself each year, we recommend you at least become aware of the average amount, or trends, in salary structure movement in the labor market
- The decisions you make on pay increase budget and salary structure movement, are related but should be independent. In general we recommend that the pay structure movement percentage lag the pay increase budget (as a percentage of total base salaries) by a minimum of 1.5% -2.0%. If you match salary structure movement to pay increase amounts actually given to employees, employees' pay does not progress further into their ranges. This is a very common cause of pay compression that many of our clients are concerned about. As employees in some cases fail to move farther into the range for several years and labor market pressures force employers to pay new employees "higher" into the range, pay compression often results. You can take steps to avoid compression proactively, and one step is to ensure the pay structure movement is lower than the percentage increase given to employees for their annual increase
- If your pay increases are not "across-the-board" or the same for everyone, e.g., are based on performance using a "merit matrix," you want to ensure the *average* increase is, at minimum, 1-1.5% higher than the pay structure increase. You can often do this by setting the percentage increase in your merit matrix used for employees in the middle of the matrix at least 1-1.5% higher than your pay structure adjustment
- As the labor market continues to stabilize, we recommend you review and update your Compensation Philosophy to ensure the philosophy aligns with current market conditions



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

- Pay attention to the principles of pay equity. According to WorldatWork, seventy percent of US employers expect to make pay equity-related pay adjustments in 2025. That is an impressive number and indicates that the trend among US employers to study and correct inequitable pay practices is continuing and even strengthening. Pay equity issues are potential litigation situations so you are wise to ask yourself if your pay plan and pay practices may have unintended consequences including evidence of pay inequities

Salary Increase Budget Recommendations:

The Archer Company has determined that as part of our annual guidance to our clients and friends on both pay structure adjustments as well as pay increase budgets, the best approach and methodology for determining pay increase budgets is to utilize the Employment Cost Index (published quarterly by the U.S. Bureau of Labor Statistics) found at <https://www.bls.gov/news.release/pdf/eci.pdf> as well as Consumer Price Index data (also published quarterly by the same bureau) ([CPI Home : U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov)). Correct application of the data published by BLS will provide a competitive pay increase budget.

As stated above, the ECI measures changes in the costs of all compensation. The ECI is a percentage measure of the change in the cost of maintaining a competitive labor supply. The ECI includes both a benefit component and a wage and salary component. The wage and salary component of the ECI is often used by employers to determine the percent change in wages each year that would ensure that their pay levels remain competitive in the labor market(s) in which they compete for their labor supply.

The ECI is well suited as an index to use for salary budget adjustment to keep pace with what other organizations are planning to spend on pay increases for four reasons:

1. It is comprehensive including not only wages and salaries but also employer costs for benefits, covering nearly all employees in the civilian, non-federal, economy
2. It measure the “pure” change in labor costs, excluding changes in relative employment of occupations and industries with differing compensation levels
3. Closely watched by major US economists, the ECI is an indicator of cost pressures within organizations that could lead to price inflation for goods and services. In that way, the ECI is a proactive measure for an employer wanting to adjust wages and salaries in high inflationary times.
4. Frequency of publication (quarterly) also makes it a superior tool employer to use in making key decisions on salary increase budgeting

Using the most recent ECI report published by the Department of Labor (June 2024), we focus on the report for the 12-month ECI change statistic for Wages and Salaries, for State and Local Government Workers (Table 11, page 18). The 12-month change index for June 2023 – June 24 is **5.1%, as shown below:**



Table 11. Employment Cost Index for wages and salaries, for state and local government workers, by occupational group and industry
 [Not seasonally adjusted]

Occupational group and industry	Indexes (Dec. 2005=100)			Percent changes for						
	Jun. 2023	Mar. 2024	Jun. 2024	3-months ended-			12-months ended-			
				Jun. 2023	Mar. 2024	Jun. 2024	Jun. 2023	Mar. 2024	Jun. 2024	
All workers.....	147.2	153.9	154.7	0.4	1.0	0.5	4.7	5.0	5.1	
Occupational group										
Management, professional, and related.....	144.7	151.1	151.8	0.4	0.9	0.5	4.5	4.9	4.9	
Professional and related.....	144.5	150.6	151.4	0.3	0.9	0.5	4.6	4.6	4.8	
Sales and office.....	148.6	156.0	157.0	0.7	1.2	0.6	4.9	5.8	5.7	
Office and administrative support.....	149.1	156.5	157.6	0.7	1.1	0.7	5.0	5.7	5.7	
Service occupations.....	156.2	163.9	164.8	0.6	1.5	0.5	5.5	5.6	5.5	
Industry										
Education and health services.....	145.2	151.4	152.0	0.3	0.9	0.4	4.6	4.6	4.7	
Educational services.....	143.9	150.0	150.6	0.3	0.7	0.4	4.5	4.6	4.7	
Schools.....	143.9	150.0	150.6	0.3	0.8	0.4	4.5	4.6	4.7	
Elementary and secondary schools.....	143.4	149.4	150.0	0.4	0.7	0.4	4.6	4.6	4.6	
Health care and social assistance.....	156.1	163.0	163.8	0.5	1.3	0.5	5.4	4.9	4.9	
Hospitals.....	154.8	161.5	162.5	0.5	1.3	0.6	5.2	4.9	5.0	
Public administration.....	150.5	158.6	159.7	0.5	1.4	0.7	4.7	5.9	6.1	

SOURCE: U.S. Bureau of Labor Statistics, National Compensation Survey

Using the most recent CPI report published by the Department of Labor (for July 2024), the 12-month Consumer Price Index for All Urban Consumers (CPI-U), U.S. City average, is 2.9%.

If your organization is budgeting for annual pay increases for 2025, we recommend you consider budgeting an increase of **4.0%, giving equal weight to the ECI and CPI indexes, and therefore changes in the cost of labor and cost of living, respectively.** If you determine annual increase budgets at a different time of the year, you can reference the most recent quarterly report and use the same statistic. The ECI data is published quarterly.

Market Trends in Projected Salary Increases

We also reviewed projected salary increase budgets from a major annual survey published by WorldatWork, and projected average salary increases from a few other highly reputable national surveys. Here are our findings:

- In terms of projected 2025 actual pay increases, employees in engineering, science and **government** may continue to see average salary increase in the range of 4.0% to 4.6%, whereas employees who work in most other sectors are likely to receive pay increase averaging about 3.5%
- Perhaps the largest survey of its kind, WorldatWork, predicts an average salary increase budget of **4.0%** for federal, state, local and tribal governments, for 2025
- PayScale’s survey of over 1,500 employers predicts an average actual annual salary increase of **4.6%** for government workers in the non-exempt, exempt and manager categories, but an average actual annual salary increase of only 4.2% for “officers and executives
- Employers indicating their salary budgets have increased recently tend to attribute it to continued competition for talent and/or labor shortages. Many organizations plan to reduce salary increase budgets in order to offset high increases provided in 2024
- Only 20% of U.S. employers plan to set aside a higher compensation budget for 2025 than they did for 2024; the majority of organizations report budgets will be about the same for 2025 than they were in 2024

Integrating the ECI Data and Salary Increase Survey Results

As stated, we recommend you use both ECI and CPI data to establish your salary increase budget. Our recommendation for 2025 is 4.0%. You can use the ECI data in a second, very useful way. If you set aside the **5.1%** reported for the most recent 12-month period by government employers for wage and salary expenditures, your 4.0% budget is used for annual increases, and the remainder (1.1%) can be used to fund non-annual, non-standard increases such as promotional increases, market adjustments and equity adjustments. Therefore the ECI data is a good benchmark for budgeting all kinds of salary increases you might typically need to fund during the year, enabling



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

you to “match” your salary increase budget to the most recent 12-month trend in total salary and wage expenditures among U.S. government employers

Budgeting amounts higher than 5.1% will give you a competitive advantage if that is something you choose to do and can afford to do.

If you do choose to continue to utilize CPI data (cost of living changes) in setting pay increase budgets, we do caution you to be careful about repeated “permanent” adjustments to salaries that may unduly burden you with long term commitments that are not sustainable and likely to require a course change. In the long run, cost of labor exceeds cost of living for most areas. While this has not been the case in all periods since 2021/2022, inflation continues to move down. If you want to give additional increase dollars for “inflation” or “cost-of-living” we would recommend you separate out that additional increase in written communications, policies and in any communications to reinforce the message that inflationary adjustments are “temporary” and should not be expected to continue when the economy returns to low inflationary times. If you can provide these “payments” as non-base building (one-time payments) this is often an even better option for fiscal management purposes.

Pay Structure Adjustment Recommendations:

We recommend that the pay structure adjustments you apply to your pay structures be determined annually, based on current market data around planned structure increases for the upcoming year as well as actual structure increases applied by employers in the current year. We provide the market data in this letter for your consideration.

As we mentioned, in general, the pay structure adjustments should lag behind the pay increase budgets by a minimum of 1-1.5%.

There may be years where you decide not to adjust your pay structures, but we recommend you consider market data each year and make an informed decision. Repeated years of no increase to the salary structure will put your structure in an increasingly non-competitive position and most of our clients report that remaining or even increasing their competitiveness is a key compensation goal for this and next year.

Market Trends in Projected Salary Structure Adjustments

- According to WorldatWork the average salary structure increase was 2.5% in 2024, lower than the projected 2.65 for the same year
- The average projected salary structure increase for 2025 dips down again to **2.4%** across all employee levels (averaged and across all regions)
 - For both 2024 and projected 2025 salary structure increases for officers and executives have been slightly lower than for other levels of employees. **For example for projected 2025, the average projected officer/executive structure increase is 2.25, compared to 2.5% for all other employee groups (non-exempt/non-union, non-exempt salaried and exempt salaried)**
- Approximately 16% of organizations plan NO structure increase for 2025. It is common for organizations to NOT increase their pay structure each year. The Archer company recommends using market data such as that reported here to inform their pay structure increase. If an employer chooses to skip a year, the data covering the most recent two years should be considering for determining the pay structure increase in the next year (so that a structure increase is applied to the employer’s wage and salary structure(s))

A Note on the Concept of the “Living Wage”

Particularly among our public sector clients, we see a continuing trend toward establishing a “living wage” as a salary or wage floor in the pay structure. A “living wage” is the hourly wage that a full-time worker must earn to help cover the cost of their family’s minimum basic needs where they live while still being self-sufficient.



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

The living wage is often confused with the national **minimum wage**. In fact, the terms are often used interchangeably. In fact, the U.S. Congress originally created the minimum wage with the intent to provide a living wage.

The minimum wage is an amount set by law, whereas the living wage is determined by average costs to live. The minimum wage was originally set to allow workers enough income to stay out of poverty. The minimum wage concept has failed because it has not kept pace with the rising cost of living, causing many working people to live below the poverty level. One study indicates that if the current federal minimum wage of \$7.25 had been indexed to the consumer price index since 1968, the minimum wage would have been up to \$24.00 per hour in 2020.

The Complications of Mandating Wages

Mandating a local, much less a national, “living wage” is a very complex and often controversial issue. However many localities are attempting to set some sort of living wage.

MIT has put together a [living wage calculator](#) that estimates the cost of living in particular cities or regions based on typical expenses. It helps individuals, communities and employers determine a local wage rate that allows residents to meet minimum standards of living. The Living Wage Calculator’s estimate of living wage includes eight typical expenses or basic needs – childcare, civic engagement, food, health care, housing, internet and mobile, transportation, and other necessities. In addition to these basic needs, the Calculator also accounts for the additional cost to families associated with income and payroll taxes. The calculator has established 12 different family types available, which vary by the number of working adults and children. MIT’s living wage calculator is updated annually, by the end of the first quarter each year.

It is an interesting exercise to calculate your community’s living wage through the MIT calculator and the results might be one useful consideration in finalizing your salary increase budget as well as your salary structure adjustment for the upcoming year.

Final Thoughts

Next year at this time, we may find that one or more of several potential events and trends may have impacted actual 2025 salary increase and salary structure adjustment budgets, varying actual 2025 numbers from predictions. For example, these trends may be influential:

- The continuation of a strong (but no longer “hot”) labor market
- Continued easing of inflation
- Potential for release of capital to businesses when interest rates finally drop
- Expanding pay transparency requirements in the states, through state legislation
- Continued expansion and solidifying of remote and hybrid work arrangements
- Strongly divergent national political party platforms and objectives, which may be foreshadowing much different regulatory environments depending on the outcome of the 2024 presidential election
- Economic uncertainty due to geopolitical factors including conflicts in the Middle East and Ukraine

We have provided solid general recommendations for setting market-competitive salary increase budgets and salary structure adjustment budgets – *everything else being equal*. If you budget 5.1% for all types of salary increase and 2.4% for salary structure adjustments, you should be competitive with other government organizations in general and also successful in maintaining the recommended minimum difference of 1.5 – 2.0% between pay increase budgets and salary structure adjustments – to allow for continued movement of employees within their pay ranges.

This thought process and the balancing of multiple considerations and contextual factors should occur each year.

We are happy to work with you to make the best recommendations for your organizations by, for example, helping you understand the ECI index data applies to your particular geographic location, or how to weigh the two decisions



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

of compensation structure adjustments and pay increase budgets or even how to use the ECI and compensation market data to set the “anchor” for your merit matrix. Please feel free to email or call me and we can easily work with you on these kinds of situations, for no charge.

We at the Archer Company are grateful for your trust in our services and products and we hope to connect with you in the not-too-distant future.

Sincerely,

A handwritten signature in black ink that reads 'Marianne Oyaas'.

Marianne Oyaas
Regional Consulting Director

Attached: Appendix



Appendix: Cost of Labor and Cost of Living in Compensation Planning

This letter focuses on determining your planned salary increase and salary structure adjustment budgets for the upcoming year. In making these decisions, our clients naturally turn to measures of economic change in considering options.

Historically, many employers tied their individual pay increase percentages to changes in cost of living. When inflation and cost of living approached 9-10% in 2022, this practice became difficult for many employers. It is important to understand the two concepts of cost of labor and cost of living, and how they should be used in compensation budgeting.

Lets' start with definitions:

Cost of Living:

- **Cost of living** refers to the amount of money a consumer needs to maintain an acceptable standard of living in a specific geographic area. The cost of living indices are published by the Bureau of Labor Statistics and are based on a market basket of goods and services including consumables such as food and household supplies, transportation, health services, housing, energy and taxes [CPI Home : U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov) The cost of living can be referenced to compare the cost to live in two or more cities and, of course, changes in the cost of living index (COLA) within any particular area indicate changes in the cost to obtain that defined market basket between two periods
- Changes in the CPI are used to adjust Social Security payments, to determine eligibility for certain government assistance programs, and in some employment situations, to determine general/across-the-board pay increases for employees

Current Trends in Cost of Living:

- The Consumer Price Index (CPI) The Consumer Price Index (CPI) measures the rate at which prices increase. The most recent update from the Bureau of Labor Statistics (August 14, 2024) for **July 2024** indicates the CPI for All Urban Consumers increased by 0.2% (June to July) following a 0.1% decrease for the previous period. **However, over the last 12 months, the "all items" index increased 2.9% before seasonal adjustment.**
 - The July CPI "All items" index of 2.9% is the smallest 12 month increase in that index since April 2021
 - Most of the increase in the last two one-month periods was due to housing costs moving up. The BLS indicates that declining inflation in the last 12 months was largely driven by a large drop in gasoline prices, which offset increases in other areas such as housing. During the same 12-month period, national unemployment rose slightly from 3.65 in June 2023 to 4.1% in June of 2024. There are some signs of a slowing economy including a slowing in the growth of the number of new jobs.

Cost of Labor:

Cost of Labor refers to the cost to hire and retain employees with the education and skills to do a job in a specific industry and geographic location. This calculation is impacted by the availability of talent as well as the "going rate" paid to that talent in a particular geographic market. The cost varies based on supply and demand. The cost of labor reflects what a particular geographic market offers as compensation for a specific type of work and changes within a particular period, such as 12 months, is useful to determine market-competitive pay increases for the next cycle. The cost of labor is determined by the supply and demand of labor across all industries and occupations by geographic location. It represents the cost to hire and retain employees in a given city or location. The cost of labor for a location -- whether it be, for example, all of the United States or a region or a particular community -- moves up and down



over time based on several economic factors.

Changes in the cost of labor can be measured by using the Economic Cost Index (ECI) published by the Bureau of Labor Statistics. [ECI Home: U.S. Bureau of Labor Statistics \(bls.gov\)](#). The Employment Cost Index (ECI) focuses on measuring inflation in the labor market and provides data on compensation expenditure increases occurring across the labor economy, from the employers' perspective, measured quarterly. In other words, the ECI measures the change in the cost of labor (wages, salaries, benefits) between two or more periods. The data is derived from over 21,000 observations selected from a sample of over 7,000 public and private sector employers. The data we report in this letter was published on 7/31/24 and the next release for September 2024 will be published on October 31st.

Current Trends in the Economic Cost Index:

- The most recent BLS release of ECI data (June 2024) indicates that, across all "private industry" employers (regardless of industry or geography), wages and salaries increased **4.1%** for the period ending in June 2024, as compared to a **4.6%** increase in the 12-month period ending June 2023.
- Wage and salaries are moving up higher for the "**government worker**" industry, as compared to the "all U.S. employer" data cut, with government worker wages and salaries moving up **5.1%** for the period ending in June 2024, as compared to a **4.7%** increase in the 12-month period ending June 2023.
- Note that "wages and salaries" takes into consideration base salaries, most types of bonus and incentive payments, cost-of-living allowances, hazard pay and excludes on-call pay, shift differentials, premium pay for overtime, holidays and weekends and end-of-the-year and profit-sharing bonus types)

Best Use of the Economic Indices:

In general, our clients' compensation programs are directed at offering a competitive salary for particular jobs they perform, and specific skills and capabilities they offer to the organization. They are **NOT** directed at reimbursing employees for changes in the cost of living.

In fact, cost of labor and cost of living do not run hand in hand:

- From an employer's perspective, employees in many desirable locations such as New York City or Honolulu, HI do not have to match cost-of-living to attract and retain talent. They do have to focus on cost of labor to be competitive, however. For example, compared to Raleigh, NC, Manhattan is 122% higher in cost of labor (for an employee earning \$80,000) and but only 39% higher in cost of living.
- We see the same phenomenon in many attractive cities such as Honolulu, HI where workers are willing to accept a relative high cost of living and lower cost of labor (translating to wages that do not reflect the local cost of living) for the other benefits of living in say, a tropical island (Honolulu) or an exciting city full of opportunities (Manhattan).
- It is also possible that cost of living rates can be *lower* than cost of labor rates in particular areas. For example, companies with highly technical roles (IT, Engineering, Legal for example) that are located in more rural areas, where cost of living is low, may have to pay a "premium" to get the talent they need, even when the cost of living in these areas is well below national averages

The cost-of-living index is generally best used to manage relocations as part of an employer's mobility program. In mobility programs, comparisons between two locations in terms of cost of living are often used to determine the appropriate salary for an employee moving from one location to another in the U.S. or even globally. Beyond that particular compensation management use, organizations typically use the cost of living for other business decisions including acquisitions, divestitures and considering new business locations. *From a compensation management standpoint, it is generally NOT recommended that public or private sector employers base pay increase budgets on cost of living.*

Where cost of living is very valuable in managing relocations as mentioned before, **The Archer Company recommends**



Marianne Oyaas
Regional Director
8601 Caswell Court
Raleigh, NC 27613
marianneoyaas@archercompany.com
608-698-0606

focusing on both ECI data (cost of labor changes) and the COL data (cost of living changes) to determine next year's pay increase budget and focusing on changes in the most recent 12-month period available from BLS at the time you make your decision.

It is true that in previous high inflationary times, cost-of living increase have become more prevalent. This was seen during the early 1980s where the U.S. experienced double-digit inflation with salary budgets over 10% for a few years. During that time, some companies elected to deliver both merit increases and cost-of-living increases, but they were frequently administered on two different dates.

The Problems With Using Cost of Living Data to Determine Pay Increase Budgets:

Tying the pay increase budgeted percentage directly (dollar-for-dollar) to changes in the cost of living, even in high inflationary times, is generally recommended only when there is a contractual obligation to do so, such as "COLA-based cost-of-living increase" found in many labor contracts in unionized public sector employment contracts. If you have a policy, especially in writing, to tie pay increases to changes in the cost of living, during high inflationary times, your organization may struggle to find sufficient funds. We tend to see policies tying pay increases to cost of living increases are much more common in the public sector than they are in the private sector.

If your policy on tying cost of living increase to pay increases is sufficiently flexible, we recommend two considerations:

- (1) You may choose to use the cost of living data to inform the final salary increase budget as one consideration but that final amount need not necessarily equal the actual cost of living as reported by the Bureau of Labor Statistics. Our pay increase budget recommendation for 2025 does factor in both cost of labor and cost of living
- (2) Especially in high inflationary times, consider both salary and benefits expenditures and how inflation is impacting your benefits expenditures. A holistic view of the impact of inflation on your expenditures is important to make the best-informed decisions on both benefits changes (e.g., increase in premiums, deductibles, etc.) and the appropriate budget for pay increases

In sum, both cost of labor and cost of living changes are important to consider for determining the salary increase budget for the upcoming year. The ECI has several advantages including it is a direct measure of how much organizations are increasing their salaries and wages over the most recent period and using that index along with cost of living protects you from employee expectations that you expect to fully protect their buying power in high inflationary times. It is best in high *and* low inflationary times to focus on labor cost changes, through the Economic Cost Index, and use the CPI as a consideration but not a lever.



Economic News Release



Employment Cost Index Summary

Transmission of material in this release is embargoed until 8:30 a.m. (ET) Thursday, October 31, 2024

USDL-24-2232

Technical information: (202) 691-6199 • ncsinfo@bls.gov • www.bls.gov/eci
Media contact: (202) 691-5902 • pressoffice@bls.gov

EMPLOYMENT COST INDEX – SEPTEMBER 2024

Compensation costs for civilian workers increased 0.8 percent, seasonally adjusted, for the 3-month period ending in September 2024, the U.S. Bureau of Labor Statistics reported today. Wages and salaries increased 0.8 percent and benefit costs increased 0.8 percent from June 2024. (See tables A, 1, 2, and 3.)

Compensation costs for civilian workers increased 3.9 percent for the 12-month period ending in September 2024 and increased 4.3 percent in September 2023. Wages and salaries increased 3.9 percent for the 12-month period ending in September 2024 and increased 4.6 percent for the 12-month period ending in September 2023. Benefit costs increased 3.7 percent over the year and increased 4.1 percent for the 12-month period ending in September 2023. (See tables A, 4, 8, and 12.)

Compensation costs for private industry workers increased 3.6 percent over the year. In September 2023, the increase was 4.3 percent. Wages and salaries increased 3.8 percent for the 12-month period ending in September 2024 and increased 4.5 percent in September 2023. The cost of benefits increased 3.3 percent for the 12-month period ending in September 2024 and increased 3.9 percent in September 2023. Inflation-adjusted (constant dollar) wages and salaries increased 1.2 percent for the 12 months ending September 2024. (See tables A, 5, 9, and 12.)

Within private industry by bargaining status, compensation costs increased 5.8 percent for union workers and 3.4 percent for non-union workers for the 12-month period ending in September 2024. Wages and salaries increased 6.4 percent for union workers and 3.6 percent for non-union workers for the 12-month period ending in September 2024. Benefit costs increased 4.9 percent for union workers and 3.1 percent for non-union workers for the period ending in September 2024. (See tables 6, 10, and 12.)

Compensation costs for state and local government workers increased 4.7 percent for the 12-month period ending in September 2024 and increased 4.8 percent in September 2023. Wages and salaries increased 4.6 percent for the 12-month period ending in September 2024 and 4.8 percent from a year ago. Benefit costs increased 4.8 percent for the 12-month period ending in September 2024. The prior year's increase was 4.7 percent. (See tables A, 7, 11, and 12.)

Changes to ECI Index Rounding

Effective with the release of the June 2025 ECI, BLS plans to publish index levels to three decimal places. Percent changes based on these more precise indexes will continue to be published to one decimal place, see www.bls.gov/eci/notices/2024/changes-to-index-rounding.htm.

Table A. Major series of the Employment Cost Index

[Percent change]

Category	3-month, seasonally adjusted		12-month, not seasonally adjusted, current dollar			12-month, not seasonally adjusted, constant dollar		
	Jun. 2024	Sep. 2024	Sep. 2023	Jun. 2024	Sep. 2024	Sep. 2023	Jun. 2024	Sep. 2024
Civilian workers⁽¹⁾								
Compensation⁽²⁾	0.9	0.8	4.3	4.1	3.9	0.6	1.1	1.4
Wages and salaries	0.9	0.8	4.6	4.2	3.9	0.9	1.2	1.4
Benefits	1.0	0.8	4.1	3.8	3.7	0.4	0.8	1.2
Private industry								
Compensation⁽²⁾	0.9	0.7	4.3	3.9	3.6	0.6	0.9	1.2
Wages and salaries	0.8	0.8	4.5	4.1	3.8	0.8	1.1	1.2
Benefits	0.8	0.7	3.9	3.5	3.3	0.2	0.5	0.8
Health benefits	-	-	1.9	3.6	3.4	-	-	-

Footnotes

(1) Includes private industry and state and local government.

(2) Includes wages and salaries and benefits.

Note: All estimates in the table can be found in the public database at www.bls.gov/eci/data.htm. Dashes indicate data not available.

Category	3-month, seasonally adjusted		12-month, not seasonally adjusted, current dollar			12-month, not seasonally adjusted, constant dollar		
	Jun. 2024	Sep. 2024	Sep. 2023	Jun. 2024	Sep. 2024	Sep. 2023	Jun. 2024	Sep. 2024
State and local government								
Compensation⁽²⁾	1.2	1.1	4.8	4.9	4.7	1.0	1.9	2.2
Wages and salaries	1.1	1.0	4.8	5.1	4.6	1.0	2.0	2.1
Benefits	1.4	1.2	4.7	4.8	4.8	1.0	1.8	2.3

Footnotes

(1) Includes private industry and state and local government.

(2) Includes wages and salaries and benefits.

Note: All estimates in the table can be found in the public database at www.bls.gov/eci/data.htm. Dashes indicate data not available.

- [Employment Cost Index Technical Note](#)
- [Table 1. Seasonally adjusted: Employment Cost Index for total compensation, by ownership, occupational group, and industry](#)
- [Table 2. Seasonally adjusted: Employment Cost Index for wages and salaries, by ownership, occupational group, and industry](#)
- [Table 3. Seasonally adjusted: Employment Cost Index for benefits, by ownership, occupational group, and industry](#)
- [Table 4. Compensation \(not seasonally adjusted\): Employment Cost Index for total compensation, for civilian workers, by occupational group and industry](#)
- [Table 5. Compensation \(not seasonally adjusted\): Employment Cost Index for total compensation, for private industry workers, by occupational group and industry](#)
- [Table 6. Compensation \(not seasonally adjusted\): Employment Cost Index for total compensation, for private industry workers, by bargaining status and Census region and division](#)
- [Table 7. Compensation \(not seasonally adjusted\): Employment Cost Index for total compensation, for state and local government workers, by occupational group and industry](#)
- [Table 8. Wages and salaries \(not seasonally adjusted\): Employment Cost Index for wages and salaries, for civilian workers, by occupational group and industry](#)
- [Table 9. Wages and salaries \(not seasonally adjusted\): Employment Cost Index for wages and salaries, for private industry workers, by occupational group and industry](#)
- [Table 10. Wages and salaries \(not seasonally adjusted\): Employment Cost Index for wages and salaries, for private industry workers, by bargaining status and Census region and division](#)
- [Table 11. Wages and salaries \(not seasonally adjusted\): Employment Cost Index for wages and salaries, for state and local government workers, by occupational group and industry](#)
- [Table 12. Benefits \(not seasonally adjusted\): Employment Cost Index for benefits, by ownership, occupational group, industry, and bargaining status](#)
- [Table 13. Compensation and wages and salaries \(not seasonally adjusted\): Employment Cost Index for total compensation, and wages and salaries, for private industry workers, by area](#)
- [HTML version of the entire news release](#)

[The PDF version of the news release](#)

[News release charts](#)

[Supplemental Files Table of Contents](#)

[Table of Contents](#)

Last Modified Date: October 31, 2024

U.S. BUREAU OF LABOR STATISTICS Office of Compensation and Working Conditions PSB Suite 4160 2 Massachusetts Avenue NE Washington, DC 20212-0001

Telephone: 1-202-691-6199 www.bls.gov/ECI [Contact ECI](#)

Attachment D-2

RESOLUTION

**OF THE APPOMATTOX RIVER WATER AUTHORITY
PROVIDING PRELIMINARY APPROVAL OF THE
BUDGET FOR FISCAL YEAR 2026 AND
THE RELATED WHOLESALE WATER RATES**

WHEREAS, in the fall and winter of 2024 and 2025 the staff of the Appomattox River Water Authority (the "Authority") developed the Authority's proposed budget and wholesale water rates for Fiscal Year 2026 and has presented the proposed budget and wholesale water rates to the Authority Board at this meeting held on January 16, 2025; and

WHEREAS, Virginia Code Section 15.2-5136(G) requires an authority to hold a public hearing on the fixing of any rates, fees and charges following the preliminary approval of such rates, fees and charges.

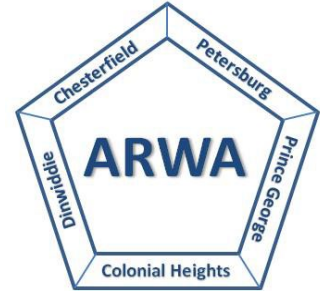
NOW, THEREFORE, BE IT RESOLVED that the Board of the Appomattox River Water Authority hereby (a) provides preliminary approval of (i) the proposed Fiscal Year 2026 budget submitted as an attachment to this resolution and (ii) the proposed wholesale water rates for Fiscal Year 2026 as set forth below, (b) schedules a public hearing on the proposed Fiscal Year 2026 budget and wholesale water rates at the Authority's next scheduled Board meeting on March 20, 2025, 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):

WHOLESALE WATER RATES
(\$/1,000 gallons)

	<u>FY2026</u>
<u>Chesterfield County</u>	1.1028
<u>City of Colonial Heights</u>	1.1300
<u>Dinwiddie County</u>	1.5190
<u>City of Petersburg</u>	1.1000
<u>Prince George County</u>	1.4056

BE IT FURTHER RESOLVED that the Authority Board acknowledges that the above-stated wholesale 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 2026.

Appomattox River Water Authority



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

EXHIBIT E

TO: Appomattox River Water Authority Board of Directors

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

DATE: January 16, 2025

SUBJECT: Elevated Tank Study Design

During the FY2025/2026 budget presentation to member utility directors, the group discussed the proposed elevated tanks proposed on the ARWA plant site. ARWA staff initially recommended delaying the project because of the proposed project cost, necessary improvements to the transmission system and potential demand reductions in FY2033/2034.

Upon further discussion with the member utility directors, it was recommended by the group that ARWA move forward with the design so that in the event there was a large economic development project or flows needed to increase on the system, the necessary improvements would be designed, approved and ready for construction. The executive director advised the Operating Reserve has a surplus of approximately \$2.2 million. A portion of this surplus, \$360,000, could be used to pay for the design without any rate implications to members.

The engineer's proposal to perform the design services is included as Attachment E-1.

Board Action Requested:

Staff requests that the Board authorize the executive director to transfer \$360,000 out of the Operating Reserve for the design of the elevated tank project.



January 3, 2025

Mr. Robert B. Wilson, P.E.
Executive Director
Appomattox River Water Authority
21300 Chesdin Road
South Chesterfield, VA 23803

Re: Elevated Water Tank Design Phase Services – Engineering Fee Proposal

Dear Mr. Wilson:

We are pleased to submit this engineering fee proposal to provide design of an Elevated Water Storage Tank in general accord with the Preliminary Engineering Report dated June 10, 2024. This project consists of the construction of 1-1.5 MG elevated storage tank located on ARWA property with an overflow elevation of 320 ft. This overflow elevation corresponds with the preferred operating area on the finished water pump system head curves. The project includes:

- One 1.5 MG Elevated Storage Tank to mitigate flows and pressures between 16-45 MGD.
- Overflow and drain improvements to the ARWA sludge lagoons.
- A pressure reducing station in the transmission main based on the overflow elevation of the new tank near the water treatment plant.

We propose to provide the following services:

- Field survey of the existing inlet pipe conditions to the ARWA sludge lagoons.
- Field survey for the pressure reducing station location in the transmission main.
- Survey plat for land acquisition, including design and platting of access road to PRV site.
- Geotechnical services for the PRV station.
- Electrical power and control design for the PRV station.
- Update the PER based on the agreed upon scope of the project.
- Preparation of final design plans and specifications for the tank and pressure reducing stations piping, sitework, electrical power and controls, and communication with the ARWA Scada system.

Final plans and specifications will allow for bidding one construction contract. The PER and design will be submitted to the Virginia Department of Health for review and approval.

P.O. Box 4119 ■ Lynchburg, VA 24502
Telephone (434) 316-6080 ■ Fax (434) 316-6081

Lynchburg ■ Charlottesville

We will also submit the building package to the Chesterfield County Building Department for review and approval. We propose to offer bidding and construction assistance upon request when the construction of this project is funded.

We propose to provide these services for a lump sum fee of \$ 360,000.

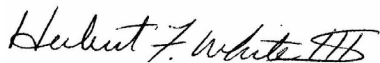
Invoicing for lump sum fee services will be on a monthly basis based on our estimate of percent completion.

We appreciate the opportunity to be of continued service to ARWA and look forward to working with you on this important project! Should you agree with this proposal, please sign, date and return to my attention. Your signature will be considered our Notice to Proceed.

Should you have any questions, please feel free to call.

Sincerely,

WW Associates, Inc.



Herbert F. White III, P.E.
President

Robert B. Wilson, P.E.
Executive Director

Date

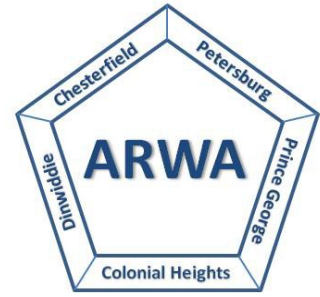


EXHIBIT F

TO: Appomattox River Water Authority Board of Directors

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

DATE: January 16, 2025

SUBJECT: Legal Services

At the November 21st meeting, Mr. Anderson advised he was retiring from McGuire Woods. With that in mind and the terms of the current legal contract running through December 31, 2024, staff recommended not to extend the legal services contract with McGuire Woods and prepared a legal services RFP for ARWA and SCWWA. This contract is for “as needed” general counsel support that includes attending meetings, addressing employment and employee issues, procurement and financial support, policy review and bond counsel.

The Authority received four responses:

- Sands Anderson PC
- AquaLaw PLC
- Hefty Wiley & Gore, P.C.
- Whiteford, Taylor & Preston L.L.P.

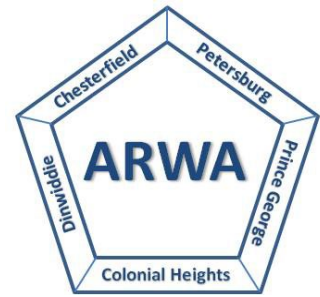
The selection committee consists of the executive director, assistant executive director and business manager. The committee is currently reviewing the proposals and ranking the four firms. Based on the results, the committee will interview the firm scoring highest.

Staff hopes to have the process completed before the Board meeting and be in a position to make a recommendation at the meeting.

Board Action Requested:

Staff will request the Board award the legal services contract to the successful respondent upon recommendation and review by the Board.

Appomattox River Water Authority



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

EXHIBIT G

TO: Appomattox River Water Authority Board of Directors

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

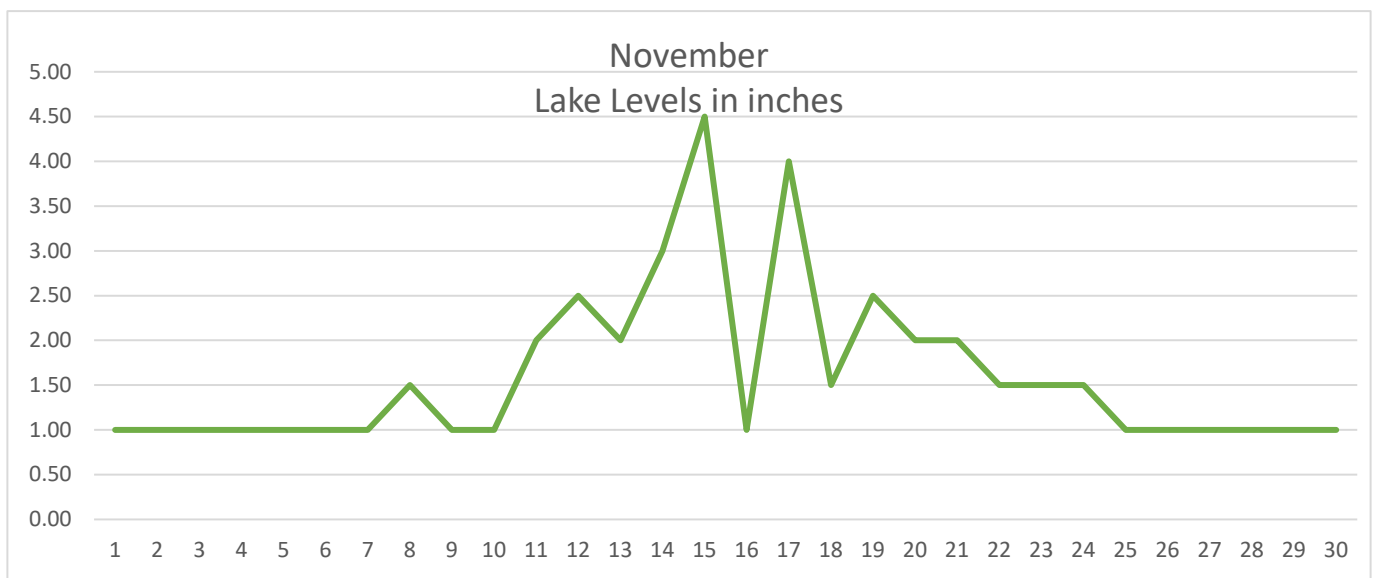
DATE: January 16, 2025

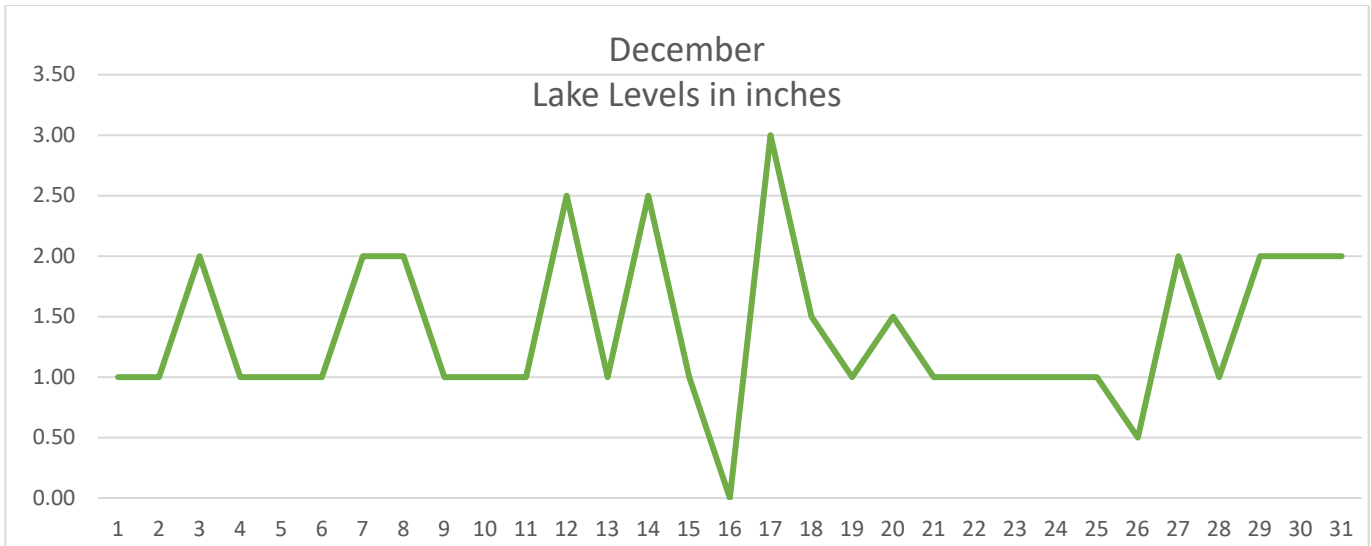
SUBJECT: Status Report

➤ General

- The next meeting is scheduled for March 20th at 2:00 p.m. at the Appomattox River Water Authority.
- Fort Gregg-Adams staff toured plant on November 21st.

➤ Lake Level Update





➤ Operations/IT

- Assisted contractor with testing new liquid lime system.
- Calibrated all Filter NTU monitors.
- All filter drop testing completed.
- Shift operators and assistants completed Demonstration of Capability (DOC's) for laboratory work.
- The average daily finished water consumption for November was 31.34 mgd and the total withdrawn from the lake was 1.078 BG. The average daily finished water consumption for December was 33.37 mgd and the total withdrawn was 1.187 BG. Total water sold for December 1.023 BG. **First December to exceed 1.0 BG in sales.**

➤ Maintenance

-

➤ SIIT – Systems Integration/Instrumentation Technology support group (technical support)

-

➤ Laboratory

- Monthly eDMR submitted to DEQ for November and December – no exceedances or issues.
- Monthly CMDP (Compliance Monitoring Data Portal) (bacti and chemistry) submitted to VDH.
- Monthly Water Quality Reports distributed.
- Monthly State Health Department submitted.
- Groundwater Monitoring Annual Report submitted to DEQ for third quarter.

- Whole Effluent Toxicity (WET) completed – no toxicity.
 - Groundwater Monitoring completed for the fourth quarter.
 - Reviewed laboratory efficiencies and availability of third party vendors and did not replace position vacated by retiring laboratory technician.
 - Completed required quarterly pipettes and thermometer calibrations.
 - Continuing work with consultant on Site Characterization Plan for lagoons.
- Liquid Lime System
- Project is complete and working on punch list items.
- Hydrilla
- Hydrilla has gone dormant this time of year.
- Lead and Copper Rule
- No further action required by the Authority for plant specific services.
- 60” sluice gate isolation
- No change from what was reported last month. Still working with sluice gate vendor.
- VPDES renewal for waste lagoons
- Consultant continues to sample groundwater wells.
 - Working on a formal response to DEQ based on the data collected.
- Regional State Water Plan
- Provided primary and secondary contact information to DEQ as requested.
 - Ball is in DEQ’s court to schedule regional meetings by April 7th.
- Lake Patrol Updates
- In December Chesterfield County issued the purchase order for a center console boat to patrol Lake Chesdin. The delivery date has not been confirmed.
- Hunting on the Lake
- We received a complaint from a citizen about duck hunters on the lake. The citizen advised that duck hunters were standing on the bank in front of his house and shooting back towards his house. Steel shot was actually bouncing off his roof. He had called DWR and he was given our number.

I did some research and gathered the following information:

- The DWR requirement for clearance from a house for duck hunting is 150 yards (300 feet). You can be closer if you have the property owner's permission.
- For Chesterfield County, no person shall discharge any firearm within the county within 600 feet of dwelling, business establishment, public building, public gathering or public meeting place.
- For Dinwiddie County, it shall be unlawful and a Class 4 misdemeanor to discharge a firearm within 100 yards (300 feet) of any public school.

The citizen is on Namozine Creek in Dinwiddie County. I did contact Conservation Officer Early and update him on the situation. Officer Early stated Dinwiddie County is getting a new Conservation Officer and as soon as deer season is over, they will start looking at this area. Another comment by the citizen was the duck hunters are running "mud motors" with loud exhaust. Both the Chesterfield and Dinwiddie ordinances prohibit the use of motorboats equipped with a motor or engine that expels exhaust to the atmosphere (muffler above the water line). I forwarded copies of the lake ordinances for Chesterfield and Dinwiddie to Officer Early. He indicated they could enforce that also.

The citizen asked if "safety zones" could be added to the lake to make sure hunters are a safe distance from residences. I told him I would bring his concerns to the Board. This is not something that would be addressed for this season. He understood that and just asked to be updated in the future if anything changes.

EXHIBIT H

Appomattox River Water Authority-Balance Sheet
For Month Ending December 31, 2024

Assets

Current Assets

Petty Cash	\$	400
SunTrust Operating Fund	\$	1,259,759
SunTrust Replacement Fund	\$	-
<i>Total Unrestricted Cash</i>	\$	1,260,159

Water Revenue	\$	2,673,891
LGIP-O&M Reserve	\$	6,533,440
LGIP-Revenue Surplus	\$	1,809,058
ERRF (Equipment Repair/Replacement)	\$	2,554,547
Debt Service Reserve	\$	2,098,374
Bond Principal/Interest	\$	2,107,003
<i>Total Restricted Cash</i>	\$	17,776,313

Total Checking/Savings	\$	19,036,473
-------------------------------	-----------	-------------------

Accounts Receivable	\$	3,124,726
Other Current Assets	\$	125,782
Inventory	\$	1,110,872

Total Current Assets	\$	23,397,852
-----------------------------	-----------	-------------------

Fixed Assets

Right to Use Lease Assets	\$	21,869
Accum amort-right of use lease	\$	(17,894)
Land and Land Rights	\$	1,044,167
Water System	\$	100,183,108
Equipment	\$	1,951,701
Hydro	\$	34,873
Furniture & Equipment	\$	19,410
Building Improvements	\$	352,962
Construction in Progress	\$	2,477,784
Accumulated Amortization	\$	(15,918)
Accumulated Depreciation	\$	(59,347,458)

Total Fixed Assets	\$	46,704,603
---------------------------	-----------	-------------------

Other Assets

Def Outflow-OPEB GLI	\$	31,791
Def Out Res-Post ER Pension Costs	\$	-
Deferred Outflow-OPEB GLI	\$	-
Def Out Res-Net Dif Pension Inv	\$	-
Def Out Res-OPEB Experience	\$	12,848
Def Out Res-OPEB Assumptions	\$	1,772
Def Out Res-OPEB Subsequent	\$	-

Total Other Assets	\$	46,411
--------------------	-----------	---------------

Total Assets	\$	70,148,866
---------------------	-----------	-------------------

Appomattox River Water Authority-Balance Sheet

For Month Ending December 31, 2024

Liabilities & Equity

Current Liabilities

Accounts Payable	\$	59,053
Retainage Payable	\$	99,160
Accrued Interest Payable	\$	96,534
Accrued Interest-GASB 87	\$	33
Lease Liability-current portion	\$	4,265

Total Current Liabilities

\$ 259,045

Long Term Liabilities

Def Inf Res-Net Dif Pension Inv	\$	333,566
Def Inf Res-Pen Chg Assumptions	\$	(10,877)
Def Inf Res-Pens Dif Proj/Act E	\$	116,988
Net Pension Liability	\$	(1,997,164)
Def Infl-OPEB Chg of Assumptions	\$	7,958
Deferred Inflow-OPEB GLI	\$	19,689
Deferred Inflow-Expect & Actual	\$	28,456
Bonds Payable-2010	\$	-
Bonds Payable-2012	\$	1,136,000
Bonds Payable-2017	\$	7,830,000
Bonds Payable-2019 Refunding Bond Payment	\$	4,485,000
Bonds Payable-2019 Def Amt on Refunding	\$	(66,631)
Lease Liability-non-current	\$	0
Accrued Leave Payable	\$	218,555
Post Employment Benefit	\$	42,111
OPEB Liability-GLI	\$	93,667

Total Long-Term Liabilities

\$ 12,237,318

Total Liabilities

\$ 12,496,364

Equity

Retained Earnings	\$	3,441,181
Reserve for Water Revenue	\$	16,498,969
Reserve for Operations	\$	-
Reserve for Suplus	\$	-
Reserve for Replacements	\$	2,500,000
Reserve for Bond Interest	\$	106,942
Reserve for Debt Service	\$	2,094,831
Reserve for Bond Principal	\$	-
Reserve for Reserve	\$	-
Fixed Assets, Net of Debt	\$	31,970,278

Total Equity

Net Income	\$	1,040,302
	\$	57,652,502

Total Liabilities & Equity

\$ 70,148,866

\$ -

Appomattox River Water Authority
YTD Income Statement for the period ending December 31, 2024

Water Rate Center
Revenues and Expenses Summary

Budget	Budget	Actual	YTD Budget	Variance
FY 24/25	Year-to-Date	Year-to-Date	vs. Actual	Percentage

Operating Budget vs. Actual

Revenues

Board Approved True-Up-Prior FY	\$ -	\$ -	\$ (341,103)	\$ (341,103)	#DIV/0!
Water Sales	\$ 12,653,236	\$ 6,326,618	\$ 7,164,653	\$ 838,035	13.25%
Rent/Misc. Income	\$ 30,000	\$ 15,000	\$ 16,126	\$ 1,126	7.50%
Total Operating Revenues	\$ 12,683,236	\$ 6,341,618	\$ 6,839,676	\$ 498,057	7.85%

Expenses

Personnel Cost	\$ 3,169,203	\$ 1,584,601	\$ 1,512,643	\$ (71,959)	-4.54%
Contractual/Professional Services	\$ 1,277,700	\$ 638,850	\$ 451,853	\$ (186,997)	-29.27%
Utilities	\$ 1,128,100	\$ 564,050	\$ 467,708	\$ (96,342)	-17.08%
Communication/Postal/Freight	\$ 46,500	\$ 23,250	\$ 28,932	\$ 5,682	24.44%
Office/Lab/Janitorial Supplies	\$ 113,000	\$ 56,500	\$ 66,996	\$ 10,496	18.58%
Insurance	\$ 130,000	\$ 65,000	\$ 130,868	\$ 65,868	101.34%
Lease/Rental Equipment	\$ 20,000	\$ 10,000	\$ 8,192	\$ (1,808)	-18.08%
Travel/Training/Dues	\$ 71,000	\$ 35,500	\$ 16,497	\$ (19,003)	-53.53%
Safety/Uniforms	\$ 40,000	\$ 20,000	\$ 14,777	\$ (5,223)	-26.12%
Chemicals	\$ 3,500,000	\$ 1,750,000	\$ 1,836,259	\$ 86,259	4.93%
Repair/Maintenance Parts & Supplies	\$ 358,000	\$ 179,000	\$ 262,704	\$ 83,704	46.76%
Total Operating Expenses	\$ 9,853,503	\$ 4,926,752	\$ 4,797,430	\$ (129,321)	-2.62%
Operating Results Suplus/(Deficit)	\$ 2,829,733	\$ 1,414,866	\$ 2,042,245	\$ 627,379	44.34%

Replacement Outlay Budget vs. Actual

Machinery & Motors-Process	\$ 100,000	\$ 50,000	\$ 84,993	\$ 34,993	69.99%
Instrumentation	\$ 200,000	\$ 100,000	\$ 62,018	\$ (37,982)	-37.98%
IFIX Upgrade	\$ -	\$ -	\$ 64,916	\$ 64,916	#DIV/0!
Computer Equipment	\$ 20,250	\$ 10,125	\$ 4,729	\$ (5,396)	-53.29%
Furniture/Fixtures	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Motor Vehicles	\$ 12,000	\$ 6,000	\$ 58,369	\$ 52,369	872.82%
Maintenance Equipment	\$ -	\$ -	\$ 57,849	\$ 57,849	#DIV/0!
Elevated Tank-Engineering Report	\$ -	\$ -	\$ 19,250	\$ 19,250	#DIV/0!
Clearwell Roof	\$ 300,000	\$ 150,000	\$ 5,375	\$ (144,625)	-96.42%
Air Release Vault	\$ 110,000	\$ 55,000	\$ -	\$ (55,000)	-100.00%
Total Capital Outlay	\$ 742,250	\$ 371,125	\$ 357,500	\$ (13,625)	-3.67%

BOD Designated Surplus Fund

Liquid Lime System	\$ -	\$ -	\$ 372,706	\$ -	#DIV/0!
Repair Material For Pipeline	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Replacement Doors	\$ -	\$ -	\$ -	\$ -	#DIV/0!
VWP Permit	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Operator 10	\$ -	\$ -	\$ 22,250	\$ 22,250	#DIV/0!
Facility Improvements-Offices	\$ -	\$ -	\$ 149,075	\$ 149,075	#DIV/0!
Raw Water Supply-Alt Analysis	\$ -	\$ -	\$ 136,000	\$ 136,000	#DIV/0!

Debt Service Budget vs. Actual

Interest Income	\$ -	\$ -	\$ 449,868	\$ 449,868	#DIV/0!
Other (Income)	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Sell of Asset	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Interest Expense	\$ 364,483	\$ 182,242	\$ 189,531	\$ 7,289	4.00%
Int on Purchase of US Treas	\$ -	\$ -	\$ (46,250)	\$ (46,250)	#DIV/0!
Bond Issuance Cost	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Principal Payments	\$ 1,723,000	\$ 1,723,000	\$ 271,000	\$ (1,452,000)	-84.27%

Other Expenses Deprec/Amort

Depreciation Expense	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Amortizatin Expense-ROU Asset	\$ -	\$ -	\$ -	\$ -	#DIV/0!

**Appomattox River Water Authority
Executive Review
Cash And Debt Highlights
As of November 30, 2024**

Highlights: ARWA Cash Positions	30-Jun-24	31-Dec-24	Change	Explanation
Unrestricted Cash & Investments:				
Petty Cash	\$ 400.00	\$ 400.00	\$ -	see explanation (a) below
SunTrust Operating Account	\$ 973,329.07	\$ 1,259,759.36	\$ 286,430.29	see explanation (b) below
SunTrust Replacement Fund	\$ -	\$ -	\$ -	see explanation (c) below
Restricted Cash and Investments:				
Water Revenue	\$ 3,996,277.61	\$ 2,673,891.27	\$ (1,322,386.34)	see explanation (d) below
LGIP-O&M Reserve	\$ 7,141,294.78	\$ 6,533,440.00	\$ (607,854.78)	see explanation (e) below
LGIP-Revenue Surplus	\$ 1,521,775.61	\$ 1,809,057.88	\$ 287,282.27	see explanation (f) below
ERRF (Equipment Repair/Replacement)	\$ 2,574,732.22	\$ 2,554,547.40	\$ (20,184.82)	see explanation (g) below
Debt Service Reserve	\$ 2,200,040.33	\$ 2,098,373.84	\$ (101,666.49)	see explanation (h) below
2012 Bond Principal/Interest	\$ 340,273.38	\$ 307,356.52	\$ (32,916.86)	
2017 Bond Principal/Interest	\$ 56,031.24	\$ 1,093,243.77	\$ 1,037,212.53	
2019 Bond Principal/Interest	\$ 169,003.53	\$ 706,402.66	\$ 537,399.13	
Total Cash and Investments	\$ 18,973,157.77	\$ 19,036,472.70	\$ 63,314.93	

Highlights: ARWA Outstanding Bonds	30-Jun-24	31-Dec-24	Change
2012 Bond	\$ 1,136,000.00	\$ 1,136,000.00	\$ -
2017 Bond	\$ 8,702,000.00	\$ 7,830,000.00	\$ (872,000.00)
2019 Bond	\$ 5,065,000.00	\$ 4,485,000.00	\$ (580,000.00)
2019 Bond-Def Amt on Refund	\$ (66,630.61)	\$ (66,630.61)	\$ -
Total Bonds Outstanding	\$ 14,836,369.39	\$ 13,384,369.39	\$ (1,452,000.00)

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. Board Approval: Surplus Revenue approved for specific projects.
- g. Financial Policy: Must maintain a minimum of \$2.5M
- h. Financial Policy: Held by Trustee, funded at such amount as may be necessary.

<u>2012</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>2017</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ended June 30				Year Ended June 30				Year Ended June 30			
2013	\$ -	\$ 93,906.15	\$ 93,906.15								
2014	\$ 193,000.00	\$ 109,321.50	\$ 302,321.50								
2015	\$ 199,000.00	\$ 103,245.50	\$ 302,245.50								
2016	\$ 205,000.00	\$ 96,983.50	\$ 301,983.50								
2017	\$ 211,000.00	\$ 90,535.50	\$ 301,535.50								
2018	\$ 218,000.00	\$ 83,886.00	\$ 301,886.00	2018		\$ 94,350.00	\$ 94,350.00				
2019	\$ 225,000.00	\$ 77,019.50	\$ 302,019.50	2019	\$ 750,000.00	\$ 330,225.00	\$ 1,080,225.00				
2020	\$ 232,000.00	\$ 69,936.00	\$ 301,936.00	2020	\$ 769,000.00	\$ 311,115.98	\$ 1,080,115.98	2020	\$ -	\$ 75,205.83	\$ 75,205.83
2021	\$ 239,000.00	\$ 62,635.50	\$ 301,635.50	2021	\$ 789,000.00	\$ 291,516.34	\$ 1,080,516.34	2021	\$ 90,000.00	\$ 167,283.25	\$ 257,283.25
2022	\$ 247,000.00	\$ 55,102.50	\$ 302,102.50	2022	\$ 809,000.00	\$ 271,413.50	\$ 1,080,413.50	2022	\$ 545,000.00	\$ 160,940.03	\$ 705,940.03
2023	\$ 255,000.00	\$ 47,321.50	\$ 302,321.50	2023	\$ 830,000.00	\$ 250,794.88	\$ 1,080,794.88	2023	\$ 555,000.00	\$ 149,759.83	\$ 704,759.83
2024	\$ 263,000.00	\$ 39,292.50	\$ 302,292.50	2024	\$ 851,000.00	\$ 229,647.90	\$ 1,080,647.90	2024	\$ 565,000.00	\$ 138,011.18	\$ 703,011.18
2025	\$ 271,000.00	\$ 31,015.50	\$ 302,015.50	2025	\$ 872,000.00	\$ 207,972.56	\$ 1,079,972.56	2025	\$ 580,000.00	\$ 125,495.06	\$ 705,495.06
2026	\$ 280,000.00	\$ 22,475.00	\$ 302,475.00	2026	\$ 895,000.00	\$ 185,743.70	\$ 1,080,743.70	2026	\$ 595,000.00	\$ 111,887.68	\$ 706,887.68
2027	\$ 288,000.00	\$ 13,671.00	\$ 301,671.00	2027	\$ 918,000.00	\$ 162,936.16	\$ 1,080,936.16	2027	\$ 615,000.00	\$ 97,223.93	\$ 712,223.93
2028	\$ 297,000.00	\$ 4,603.50	\$ 301,603.50	2028	\$ 941,000.00	\$ 139,549.94	\$ 1,080,549.94	2028	\$ 620,000.00	\$ 81,701.76	\$ 701,701.76
	\$ 3,623,000.00	\$ 1,000,950.65	\$ 4,623,950.65	2029	\$ 965,000.00	\$ 115,572.46	\$ 1,080,572.46	2029	\$ 640,000.00	\$ 65,204.26	\$ 705,204.26
Maintenance Projects ***charged to members based on Allocations***				2030	\$ 989,000.00	\$ 90,991.14	\$ 1,079,991.14	2030	\$ 655,000.00	\$ 47,762.13	\$ 702,762.13
				2031	\$ 1,015,000.00	\$ 65,780.82	\$ 1,080,780.82	2031	\$ 670,000.00	\$ 29,438.75	\$ 699,438.75
				2032	\$ 1,040,000.00	\$ 39,928.92	\$ 1,079,928.92	2032	\$ 690,000.00	\$ 10,021.25	\$ 700,021.25
				2033	\$ 1,067,000.00	\$ 13,422.86	\$ 1,080,422.86				
					\$ 13,500,000.00	\$ 2,800,962.16	\$ 16,300,962.16		\$ 6,820,000.00	\$ 1,259,934.94	\$ 8,079,934.94
				Maintenance Projects ***charged to members based on Allocations***				***This was both an expansion and maintenance project*** ***Charged as follows: (45.62%-expansion, 54.38%-allocation)***			

2022	\$ 1,601,000.00	\$ 487,456.03	\$ 2,088,456.03
2023	\$ 1,640,000.00	\$ 447,876.21	\$ 2,087,876.21
2024	\$ 1,679,000.00	\$ 406,951.58	\$ 2,085,951.58
2025	\$ 1,723,000.00	\$ 364,483.12	\$ 2,087,483.12
2026	\$ 1,770,000.00	\$ 320,106.38	\$ 2,090,106.38
2027	\$ 1,821,000.00	\$ 273,831.09	\$ 2,094,831.09
2028	\$ 1,858,000.00	\$ 225,855.20	\$ 2,083,855.20
2029	\$ 1,605,000.00	\$ 180,776.72	\$ 1,785,776.72
2030	\$ 1,644,000.00	\$ 138,753.27	\$ 1,782,753.27
2031	\$ 1,685,000.00	\$ 95,219.57	\$ 1,780,219.57
2032	\$ 1,730,000.00	\$ 49,950.17	\$ 1,779,950.17
2033	\$ 1,067,000.00	\$ 13,422.86	\$ 1,080,422.86