



TOWN COUNCIL
Work Session
Cape Charles Civic Center
May 26, 2022
6:30 PM

At 6:30 p.m. Mayor William “Smitty” Dize, having established a quorum, called to order the Work Session of the Town Council. In addition to Mayor Dize, in attendance were Councilmen Buchholz, Follmer and Grossman, and Councilwomen O’Brien and Holloway. Vice Mayor Bennett was not in attendance. Also, in attendance were Town Manager John Hozey, Town Clerk Libby Hume, Police Officer Juana Diaz, and representatives from NewGen Strategies and Solutions, LLC, and Virginia American Water. There were eight members of the public in attendance.

WORK SESSION ORDER OF BUSINESS:

Mayor Dize stated that this was a work session for the members of the Town Council to discuss the items being presented relating to the potential utility sale. There would be no public comments accepted during the work session. There were agenda packets available on the back table for the members of the public and if anyone had any comments, they could be expressed during the public comment period at the regular meeting on June 16th.

A. Due Diligence Review of Potential Utility Sale

Town Manager John Hozey stated that the Council and staff were in the process of additional due diligence prior to beginning the negotiations. The Town received the base documents from Virginia American Water (VAW) but more due diligence was needed. Councilman Grossman performed his research and would present the materials he developed. After Councilman Grossman’s presentation, we would hear from the Town’s consultants, New Gen Strategies and Solutions, and Virginia American Water, followed by discussion and Council questions.

Councilman Grossman reviewed a number of documents and information including i) Big Picture for VAW; ii) Review of VAW Rate Increases for the City of Hopewell, Prince William County, the City of Alexandria, and the Eastern District; iii) Comparison of Rates – Commercial Water for Cape Charles, Alexandria, Hopewell, Eastern District, and Waverly, and Commercial Wastewater for Cape Charles and Prince William County; iv) Personal Observations in Review of SCC Filing Material; v) What Can We Expect for Acquisition? Based on the Waverly Case; vi) Thoughts for Retaining Our Utilities; vii) Excerpts from the 33rd Annual Virginia Water and Wastewater Rate Report 2021 compiled by Draper Aden Associates. (Please see attached.)

Councilman Grossman concluded by stating that he performed this research to i) find some answers on whether or not the Town should retain the utility systems; ii) to determine what the barriers were; iii) the focus was on rates and what it would take to run the plants the way they needed to be run.

John Hozey stated his agreement with Councilman Grossman that the Town was not currently in dire straits but added that we were barely hanging on in relation to the utility systems. The issues with the systems kept him up at night. The Town currently had \$100K in a contingency fund but found out yesterday that, while the membranes were still operating, the stress on the structure that held the membranes together was wearing it out. Staff was trying to repair three membranes with broken components. The lead time on the components was twelve months and the cost was about \$95K, so that contingency fund was now gone. The capital improvement plan only included funding to replace one sewer pod and some engineering. We needed to go through the details, and it was possible that the Town could keep the utility systems, but we could not compete with the rates proposed by VAW.

NewGen Strategies and Solutions presented their proforma titled Town of Cape Charles Estimated Water and Sewer Fund Balance Forecast. (Please see attached.)

John Hozey noted that this spreadsheet included new debt that was not included in the initial presentation. There was some discussion regarding the projected rates shown in the graphs.

Virginia American Water began by stating that the in depth due diligence performed was impressive and commended Councilman Grossman on his work. They went on to present a spreadsheet with several rate scenarios comparing a residential property in Cape Charles if the Town retained our utilities versus VAW taking ownership, projecting out 20 years. (Please see attached.)

Additional discussion followed: i) The information covered provided a pretty good picture of the financials, but other issues such as hiring and retaining professional management of the systems had not yet been discussed. This was a huge issue for small towns and would not get any easier; ii) There would be other issues related to local control such as water quality and smell, and what it would take to get the wastewater plant and its collection system to the condition it needed to be. These issues were not included in the analysis from NewGen presented this evening. Council should consider whether it would be worth having higher rates to maintain local control; iii) Local control was always a key issue but was an illusion. In this case, local control was a negative for the rate payers who would bear all the fixed costs of operating and maintaining the systems.

John Hozey thanked Councilman Grossman for his energy and effort researching this information adding that there could never be too much due diligence for something so important.

Motion made by Councilman Grossman, seconded by Councilwoman Holloway, to adjourn the Town Council Work Session. The motion was approved by unanimous vote.

The meeting adjourned at 8:26 p.m.

Mayor Dize

Town Clerk

Documentation Reviewed During the May 26, 2022 Town Council Work Session

Big Picture for Virginia American Water:

Paul Grossman
May 18, 2022

Big Picture for VAWC Coverage of Services

Districts

- Hopewell Water
- Eastern Districts Water (comprises 18 separate and unique public water systems supplied by groundwater wells from which water is pumped, treated, and distributed)
- City of Alexandria Water
- Prince William Water and Wastewater
- *Town of Waverly Water (future acquisition)*

Note: To provide water to its customers, in Alexandria and Prince William the Company purchases water from the Fairfax Water. This purchase of water became a necessity when the production facilities, including reservoirs, of a predecessor of Virginia-American were condemned and eventually taken over by a predecessor to Fairfax Water. This is referred to as the Purchased Water Surcharge **PWS**.

Rates

- In accordance with Virginia Code §56-235.11 (2017), the statute requires the Commission to order gradual adjustments to water utility's rates over an appropriate period in order to implement the establishment of rates in a water utility network. As such, VAWC is moving towards consolidated tariff pricing (CTP) across its districts in Virginia. Later referred to STP (Single Tariff Pricing).
- The filing under PUR-2018-00175 (**2018**) was to move towards CTP in steps over 3 years (3 step plan). Actual individual district rates sheets were provided for each of the years. At the end of this period, all minimum rates for water would have had the same minimum rate applied (up to 2,000 gallons/month) and the same single volumetric rate applied (>2000 gallons per month).
- SCC ruling under PUR-2018-00175
 - Wastewater rates only pertain to Prince William district. SCC ruled on a new volumetric rate (which decreased).
 - SCC ruled that 'gradual' would mean over separate rate filings and approved rate sheets for each district for Step 1 to CTP.
 - SCC ruled that Alexandria and Prince William Purchase Water Surcharge (PWS) charges could be spread across all districts according to a formula.
 - SCC ruled that an Alexandria pilot program identified as Water and Wastewater Infrastructure Surcharge (**WWISC**) previously agreed to in a rate case could be continued but would not be expanded to all districts. WWISC is to aid in acceleration of infrastructure renewal and would address underperforming mains and reduce the impact of main breaks in the areas served by such mains. More data from the pilot is needed by SCC before any further evaluation/ decisions are made.
- VAWC has filed PUR-2021-00255 (**2021**) which could be considered Step 2 to achieving CTP. Waverly acquisition (asset transfer) was acknowledged as already proceeding under filing PUR-2021-00090 and given that this filing freezes rates for two years, any rate structure changes or blending into CTP would be handled under a later filing. Under PUR-2021-00255, only Step 2 water rates are proposed, along with rates changes for wastewater (i.e., no final, or step 3, CTP was submitted).
- Actual residential rate history under VAWC for each district is provided as a separate attachment. Also depicted are comparisons to Cape Charles Rates for three residential users. Note that VAWC breaks down rates by meter size for minimum rate. Cape Charles typically uses 5/8" meters so that was what was used in the comparison tables.
- VAWC has established lower rates (than Cape Charles) for minimum charges and uses one higher single rate (than Cape Charles) for volumetric usage over 2000 gallons/month. This tends to have higher volume users 'pay for their fair share' and provides mechanism for promoting conservation. Cape Charles has a tiered rate structure over 2000 gallons/month.
- VAWC's Eastern District resembles Cape Charles in that this district has high minimum rates. Through the SCC current filings as shown in the attached rate table, it is evident that as VAWC moves towards CTP, Eastern's minimum rate is dropping and to offset, the volumetric rate is increasing. Eventually all district rates will be blended together.

Review of Virginia American Water Rates Increases:

Review of VAWC Rates Increases

VAWC Docketing Date	4/5/2010	3/2/2012	11/30/2015	1/30/2019 PUR-2018-00175 Consolidated Tariffs 11/6/2020	12/21/2021 PUR-2021-00255
Case Identifier	PUE-2010-00001	PUE-2011-00127	PUE-2015-00097		
SCC Order Date	11/19/2011	12/12/2012	5/24/2017	Year 1	Year 2
				Year 3	Pending New Step 2
Hopewell Water Residential					
Minimum Requested VAWC 5/8"	\$ 16.25	\$ 17.78	\$ 15.00	\$ 15.00	\$ 15.00
Volumetric Requested VAWC	\$ 0.12999	\$ 0.51070	\$ 0.87580 (1)	\$ 0.88189	\$ 1.01773
Projected change for 4000 gal/mon, CBR-5R Revised from previous SCC app'd					0%
Projected change for 4500 gal/mon, Schedule 43			32.93%	8.4%	-4.9%
Projected change for 5775 gal/mon, Schedule 43				-5.7%	-6.0%
Residential Revenue for VAWC, Schedule 42	\$ 2,403,422	\$ 3,002,537	\$ 2,725,593	\$ 3,236,536	\$ 3,045,608
Total all Residential monthly meter billings in year, Schedule 42	102327	108754	103212	104989	104989
Projected all Residential Revenue with requested new rates VAWC, Schedule 42	\$ 3,201,116	\$ 3,542,499	\$ 3,491,151	\$ 3,527,579	\$ 3,155,846
Change in Requested Revenue for all Residential Category - Minimum plus Volumetric VAWC Schedule 42	33%	18%	28%	9.0%	-5.6%
SCC Minimum Approved	\$ 12.87	\$ 15.05	\$ 15.00	\$ 15.00	
SCC Volumetric Approved	\$ 0.10295	\$ 0.43221	\$ 0.76734 (4)	\$ 0.73125	
Change from Previous app'd rate				Not approved	Pending
Minimum	16.9%	0.0%	-0.3%	0%	
Volumetric	32.0%	0%	78%	-5%	
Revenue per meter billings	\$ 23.49				\$ 33.20
			4/5/2010	12/21/2021	
					\$ 9.71 Change 41% % Change 11 Year Span 3.76% Ave/Year

Comparison to 506 Randolph actual monthly usage (Average usage 2744 gallons/month) - 12 months WATER	Hopewell District Current Future Request Change from 506	
\$428.74	\$ 262.49 \$ 294.80	-39% -31%
Comparison to 4500 gal/month user		
\$477.82	\$ 399.38 \$ 485.32	-16% 2%
Comparison to 403 Randolph actual monthly usage (Average usage 9371 gallons/month) - 12 months WATER	Hopewell District Current Future Request Change from 403	
\$791.96	\$ 784.97 \$ 1,033.73	-1% 31%

Review of VAWC Rates Increases

VAWC Docketing Date	4/5/2010	3/2/2012	11/30/2015	1/30/2019 PUR-2018-00175 Consolidated Tariffs 11/6/2020	12/21/2021 PUR-2021-00255
Case Identifier	PUE-2010-00001	PUE-2011-00127	PUE-2015-00097		
SCC Order Date	11/19/2011	12/12/2012	5/24/2017	Year 1	Year 2
				Year 3	Pending New Step 2
Prince William Water Residential					
Minimum Requested VAWC 5/8"	\$ 11.52	\$ 12.77	\$ 15.00	\$ 15.00	\$ 15.00
Volumetric Requested per 100 gal	\$ 0.49101	\$ 0.54478	\$ 0.52990	\$ 0.63649	\$ 0.8231
Projected change for 4500 gal/mon, Schedule 43					56%
Residential Revenue for VAWC, Schedule 42	\$ 27.27%	\$ 24.83%	\$ 16.21%	\$ 16.3%	\$ 26.30%
Total all Residential monthly meter billings in year, Schedule 42	\$ 5,548,779	\$ 6,098,305	\$ 6,570,867	\$ 7,106,927	\$ 7,285,985
Projected all Residential Revenue with requested new rates VAWC, Schedule 42	223981	230721	233853	236701	239699
Change in Requested Revenue for all Residential Category - Minimum plus Volumetric VAWC Schedule 42					
Minimum Approved	\$ 9.05	\$ 10.23	\$ 11.76	\$ 15.00	\$ 15.00
Volumetric Approved	\$ 0.38593 (2)	\$ 0.43644 (2)	\$ 0.50190 (2)	\$ 0.46278	\$ 0.52661
Change from Previous rate				Not approved	Pending
Minimum	27.3%	24.8%	14.8%	18.9%	3.5%
Volumetric				14%	3.4%
Revenue va projected per meter billings over span of time	\$ 24.77				\$ 30.40
			4/5/2010	12/21/2021	
					\$ 5.62 Change 23% % Change 11 Year Span 2.06% Ave/Year

Comparison to 506 Randolph actual monthly usage (Average usage 2744 gallons/month) - 12 months WATER	Hopewell District Current Future Request Change from 506	
\$428.74	\$ 239.40 \$ 272.85	-44% -36%
Comparison to 4500 gal/month user		
\$477.82	\$ 337.98 \$ 426.93	-29% -11%
Comparison to 403 Randolph actual monthly usage (Average usage 9371 gallons/month) - 12 months WATER	Hopewell District Current Future Request Change from 403	
\$791.96	\$ 607.27 \$ 864.72	-23% 9%

Review of VAWC Rates Increases

VAWC Docketing Date	4/5/2010	3/2/2012	11/30/2015	1/30/2019	12/21/2021
Case Identifier	PUE-2010-00001	PUE-2011-00127	PUE-2015-00097	PUR-2018-00175 Consolidated Tariffs 11/6/2020	PUR-2021-00255
SCC Order Date	11/19/2011	12/12/2012	5/24/2017	Year 1	Year 2
	Year 1	Year 2	Year 3	Year 1	Year 2
Alexandria Water Residential					
Minimum Requested VAWC 5/8"					
Schedule 41, CBR-4R Revised					
Volumetric Requested per 100 gal, Schedule 41, CBR-4R Revised					
Projected change for 4500 gal/month, Schedule 43 from previous SCC app'd					
With existing rates, Current all Residential Revenue for VAWC, Schedule 42, CBR-3R Revised					
Total all Residential monthly meter billings in year, Schedule 42					
Projected all Residential Revenue with requested new rates VAWC, Schedule 42, CBR-3R Revised					
Change in Requested Revenue for all Residential Category, Minimum plus Volumetric VAWC Schedule 42, CBR-3R Revised					
SCC Minimum Approved	\$ 9.85	\$ 10.86	\$ 11.59	\$ 15.00	\$ 15.00
SCC Volumetric Approved	\$ 0.16352	\$ 0.18030	\$ 0.19251	\$ 0.196440	\$ 0.34833
Change from Previous rate					
Minimum 5/8 meter					
Volumetric					
Actual vs Projected Revenue per meter billings over span of time					

Comparison to 506 Randolph actual monthly usage (Average usage 2744 gallons/month) - 12 months WATER	Alexandria District	Change
\$428.74	Current	from 506
	Future Request	
	\$ 219.29	-49%
	\$ 263.44	-39%
Comparison to 4500 gal/month user		
\$477.82	\$ 284.50	-40%
	\$ 401.92	-16%
Comparison to 403 Randolph actual monthly usage (Average usage 9371 gallons/month) - 12 months WATER	Alexandria District	Change
\$791.96	Current	from 403
	Future Request	
	\$ 452.47	-43%
	\$ 792.32	0%

Difference with 403 Randolph attributed to constant 4500/month usage to wide monthly swings in usage at 403 Randolph

Review of VAWC Rates Increases

VAWC Docketing Date	4/5/2010	3/2/2012	11/30/2015	1/30/2019	12/21/2021
Case Identifier	PUE-2010-00001	PUE-2011-00127	PUE-2015-00097	PUR-2018-00175 Consolidated Tariffs 11/6/2020	PUR-2021-00255
SCC Order Date	11/19/2011	12/12/2012	5/24/2017	Year 1	Year 2
	Year 1	Year 2	Year 3	Year 1	Year 2
Eastern District Water Residential					
Minimum Requested VAWC 5/8"					
Volumetric Requested per 100 gal					
Projected change for 4000/4500 gal/month, CBR-5R Revised from previous SCC app'd					
Residential Revenue for VAWC, Schedule 42					
Total all Residential monthly meter billings in year, Schedule 42					
Projected all Residential Revenue with requested new rates VAWC, Schedule 42					
Change in Requested Revenue for all Residential Category, Minimum plus Volumetric VAWC Schedule 42					
SCC Minimum Approved	\$ 48.40	\$ 54.78	\$ 54.78	\$ 45.00	\$ 30.00
SCC Volumetric Approved	\$ 0.58258	\$ 0.65948 (3)	\$ 1.19572	\$ 0.91486	\$ 1.73148
Change from Previous rate					
Minimum					
Volumetric					
Actual vs Projected Revenue per meter billings over span of time					

Comparison to 506 Randolph actual monthly usage (Average usage 2744 gallons/month) - 12 months WATER	Hopewell District	Change
\$428.74	Current	from 506
	Future Request	
	\$ 643.20	50%
	\$ 555.31	30%
Comparison to 4500 gal/month user		
\$477.82	\$ 814.46	70%
	\$ 879.44	84%
Comparison to 403 Randolph actual monthly usage (Average usage 9371 gallons/month) - 12 months WATER	Hopewell District	Change
\$791.96	Current	from 403
	Future Request	
	\$ 1,244.40	57%
	\$ 1,803.50	128%

VAWC Docketing Date	4/5/2010	3/7/2012	11/30/2015	1/30/2019	PUR-2018-00175 Consolidated Tariffs 11/6/2020	12/21/2019
Case Identifier	PUF-2010-00001	PUF-2011-00127	PUF-2015-00097			PUR-2021-00255
SCC Order Date	11/19/2011	12/12/2012	5/24/2017	Year 1	Year 2	Year 3
						Pending New Step 2
Prince William Waste Residential Minimum Requested VAWC S/B* Volumetric Requested per 100 gal Projected change for 4500 gal/month, Schedule 43 from previous SCC app'd Residential Revenue for VAWC, Schedule 42 Total all Residential monthly meter billings in year, Schedule 42 Projected all Residential Revenue with requested new rates VAWC, Schedule 42 Change in Requested Revenue for all Residential Category , Minimum plus Volumetric VAWC Schedule 42			VAWC acquires Dale Services wastewater utility November 2013 Charged by Usage: Low \$86.40 Average \$101.65 High \$116.89 NA	\$ 20.00 \$ 0.6112 4.13% \$ 7,953,249 234846 \$ 9,362,270 17.7% \$ 20.00 \$ 0.56130 NA NA NA	\$ 20.00 \$ 0.52000 -3.03% \$ 9,205,928 236564 \$ 8,882,220 -3.5% \$ 20.00 \$ 0.45457 0% -19%	\$ 20.00 \$ 0.75338 23.82% \$ 7,920,805 238321 \$ 9,994,093 26.2% Pending \$ -41.94 \$ 8.07 23.83% % Change 6 Year Span 3.97% Ave/year
SCC Minimum Approved SCC Volumetric Approved Change from Previous rate Minimum Volumetric						
Actual vs Projected Revenue per meter billings over span of time			\$ 33.87	11/30/2015	12/21/2021	

Comparison to 506 Randolph actual monthly usage (Average usage 2744 gallons/month) - 12 months WATER		Hopewell District:	
		Current	Change
		Future Request	From 506
	\$798.14	\$	291.28 -64%
		\$	324.98 -59%
Comparison to 4500 gal/month user			
	\$875.14	\$	376.37 -57%
		\$	466.01 -47%
Comparison to 403 Randolph actual monthly usage (Average usage 3931 gallons/month) - 12 months WATER		Hopewell District:	
		Current	Change
		Future Request	From 403
	\$1,217.60	\$	834.96 -31%
		\$	1,133.32 -7%

WAWC Docketing Date	4/5/2010	3/2/2012	11/30/2015	1/30/2018	12/1/2021
Case Identifier	PUE-2010-00001	PUE-2011-00127	PUE-2015-00097	PUR-2018-00175 Consolidated Tariffs 11/6/2020	PUR-2021-00255
SCC Order Date	11/19/2011	12/12/2012	5/24/2017	Year 1 Year 2 Year 3	Pending New Step 2

(1) up to 13,000, and then \$0.62000/100 gals up to 2,229,000 gallons/month
(2) volumetric rate over 6,000 gallons/month
(3) volumetric rate over 4,000 gallons/month
(4) volumetric rate up to 13,000 gallons/month

Comparison of Rates – Commercial:

Comparison of Rates - Commercial

5/25/2022

Location		Current		Proposed		Estimate of billing by usage (PROPOSED)			
COMMERCIAL				Proposed 2023 CC Budget		2500 gal/month	4500 gal/month	9800 gal/month	12500 gal/month
Cape Charles WATER	0-2000 gal	\$33.46	0-2000 gal	\$33.46		\$34.71	\$39.71	\$55.96	\$72.21
	2001-10000	0.250 per 100	2001-10000	0.250 per 100					
	10001-15000	0.375 per 100	10001-15000	0.375 per 100					
	>15000	0.500 per 100	>15000	0.500 per 100					
Alexandria WATER	0-2000 gal	\$15.00	0-2000 gal	\$15.00		\$16.74	\$23.70	\$39.36	\$51.54
	> 2000	0.22163 per 100	> 2000	0.347966 per 100	-52%	-40%	-30%	-29%	
Hopewell WATER	0-2000 gal	\$15.00	0-2000 gal	\$15.00		\$17.67	\$28.37	\$52.43	\$71.14
	> 2000	0.491340 per 100	> 2000	0.53466 per 100	-49%	-29%	-6%	-1%	
Pr William WATER	0-2000 gal	\$15.00	0-2000 gal	\$15.00		\$17.41	\$27.05	\$48.74	\$65.61
	> 2000	0.40851 per 100	> 2000	0.481997 per 100	-50%	-32%	-13%	-9%	
Eastern District WATER									
Waverly - In Town Commercial WATER						Using existing rates			
	0-5000 gal	\$23.00	NA	NA		\$23.00	\$23.00	\$93.40	\$42.50
	> 5000	0.2600 per 100	NA	NA		-34%	-42%	-40%	-41%
Cape Charles WASTE	0-2000 gal	\$63.12	0-2000 gal	\$63.12		\$64.37	\$69.37	\$98.22	\$123.57
	2001-10000	0.390 per 100	2001-10000	0.390 per 100					
	10001-15000	0.585 per 100	10001-15000	0.585 per 100					
	>15000	0.780 per 100	>15000	0.780 per 100					
Pr William WASTE	0-2000 gal	\$20.00	0-2000 gal	\$20.00		\$23.77	\$38.83	\$72.74	\$99.10
	> 2000	0.45457 per 100	> 2000	0.75338 per 100	-63%	-44%	-26%	-20%	
Comparison of Actual 2023 Billing vs Proposed 2023 CC Budget									
	Actual 12 months Residential Cape Charles	Actual 12 months calculated as Commercial Cape Charles	Alexandria Commercial Comparison	Hopewell Commercial Comparison	Pr William Commercial Comparison				
Example 403 Tazewell Water	\$791.96	\$690.76	\$501.77	\$674.42	\$625.72				
			-27%	-2%	-9%				
Wastewater	\$1,217.60	\$1,208.65			\$1,248.15				
					3%				

Personal Observations in review of SCC filing material

1. Rate increases or decreases can be viewed at a global level, i.e., rolling up rates across all customer classes and is the easiest number to flash around. What is important to people and businesses is the determination as to what any new rate will do to them personally. This requires the application of the specific minimum and volumetric rates that apply to their situation. Yes, global rates by classification can be made that will provide the general direction and magnitude rates will go, but customer volumetric usage is critical in determining final individual impact.
2. SCC review of filings is extremely detailed and I have confidence that they are looking out for the best interest of the public. However, negotiations do occur and stipulations agreed to by all parties (company, SCC staff, attorney general's office, town/city to the degree that they intervene) in order to bring a filing to a conclusion, sometimes without the concurrence of the intervenor.
3. Small towns and citizens will have little to no say during rate proceeding. If assets are sold, the town would have to hire financial and legal entities to review filed material or remain silent. Citizen letters are filed with the SCC, but those I reviewed mostly limited their protests to the % impact (increases) the new rates will have on them personally.
4. VAWC is moving to a consolidated/single rate structure across their network. All revenues and O&M and capital costs are shared across the network. One district could require the highest percentage of capital expenditures that are spread across the network based on company priorities. For example, in the latest rate filing, Hopewell investment projects (those >\$250k) total \$56.9M out of investment projects of \$77.2M (74%), within the overall capital investment of \$137M.
5. The amount of long-term debt taken on to fund capital programs is an important factor to company stability and investors, in addition to dividends. Therefore, to gain attraction to investors, VAWC, like other utilities, will try to get as high a ROE as they can get, which ultimately impact rates. These are subjects that the SCC gets heavily involved in.
6. The capital projects list is essentially endless with priorities being assigned in the network by the company in a five-year plan, barring emergencies that will further take precedent. There is no assurance in what the town considers a priority will raise up to any high level when competing against other network needs.
7. Trying to guess what future rates will be is essentially impossible. For example, in Alexandria, for residential 5/8" meter, the original Step 3 final CTP volumetric rate (\$0.68488/100 gallons) is now exceeded by the rate being proposed as Step 2 in the current rate filing (\$0.73972/100 gallons). The amount of capital investment undertaken is a prime factor. Which leads me to believe the next final Step 3 rate may be even higher given that the capital program continues. Who knows? I do believe that once consolidated/single tariffs are achieved, rates will never go down, and filings will occur every 2-3 years.
8. The company has introduced additional capital programs such as WWISC and Lead Service Line Replacements requesting additional rate charges in order to cover them. This can be viewed as an extension of their capital investment program. These rates are proposed as being outside the volumetric rates structure. (For Alexandria, a customer is charged \$0.010025 for each 100 gallons of water used, rather insignificant in the grand scheme of things). What other programs will crop up in the future, outside the rate structure?

What can we expect for acquisition?

Based on Waverly Case

PUR-2021-00090

Water Only (Wastewater owned and operated by Sussex Service Authority)

What you can expect to see	What you will not see (not available or considered confidential)
Scope of SCC filing Limited to the acquisition of public water and wastewater systems and the folding in of this new acquisition into their overall Virginia enterprise. Essentially a transfer of assets.	

Fair Market Value (FMV) for Acquisition - Town, Company and SCC staff will propose FMVs. SCC may propose a weighted averaging favoring SCC if town and company utilize the same underlying engineering report. (Compromise in Waverly's case resulted in Stipulation agreement to strictly use averaging.) - Company may propose to purchase at the lesser of \$X or the FMV so long as the FMV is more than \$Y (a floor). This approach is made in initial filing (Waverly). - SCC specified that any paid amount over FMV will not go into rate base. - Transaction Costs: reasonable transaction costs will be included in FMV.	Any details surrounding the development of FMV or underlying engineer's report used by town and company is considered confidential. [Therefore, will need to rely on the strength of our hired experts.] Transaction costs are confidential. Note: While parties agreed to the Waverly Stipulation (agreement on FMV), staff essentially stated that they only agreed to it to settle the case for Waverly. Leading me to believe fair game in future? Staff's FMV was much lower than company/ town's in Waverly.
Asset Purchase Agreement Detailed listing of assets to be transferred along with identified liabilities	Annexation Agreement is a large unknown. We can pass along the future liability without determining the \$ amount involved, and there is no further control that the town will have in ensuring cost for expansion is provided by Preserve Communities other than through rate filings. Nor will we know whether the payment is applied to our plant or rolled into general revenue for the VAWC network, just like the expansion costs would be spread across all. Once consolidated tariffs take effect, all revenue and expense are shared across all districts.
Improvements - Company 'intends' to complete a Comprehensive Planning Study within the first 12-18 months and 'commits' to invest at least \$X million over the next Y years to improve the water system. [Waverly info captured in Hearing Officer's Report] - Company 'intends' to install specific improvements in testimony.	Any expected capital improvements will eventually be recovered through rates over a period of time. Not sure of the 'commitment' provided in Hearing Officer's Report under heading Summary of the Record as to actual commitment the company has to follow through (i.e., how binding is this commitment?). This commitment should not be difficult in delivering upon considering their overall 5-year capital plan's size for the network.
Rates Current rates maintained for two years. - Company will move rates towards one of their district's (Hopewell) consolidated rate structure through separate rate filing following the expiration of two-year period. - An increase is anticipated of approximately 30% for most customers over a five-year period following closure (Waverly). - SCC argued that moving Waverly eventually into Hopewell district would be approximately 45 – 54% increase for residential and 49 – 507% commercial.	You will not see a projected five-year rate projection curve (confidential). - For Waverly, VAW has stated that rates should not be considered within the purview of SCC staff given that they are frozen at current levels and since they will have the opportunity to review during subsequent rate filings. - Note that water rate consolidation will eventually occur within Hopewell, Eastern, Pr William, Alexandria, Waverly and Cape Charles. Wastewater consolidation will occur between Pr William and Cape Charles.
Franchise Agreement (ordinance passed) allows for agreements to be made between town and company. Can include <u>such things as</u>: - Allowing company to expand to other unincorporated areas by means of existing distribution system. - Water for municipal purposes at its current rates, but company will not charge for fire fighting - Notification of any treatment technique changes	Uncertain as to extent of allowances provided to the town is possible. Expect none being tied to any rate limitations. Uncertain today whether town's municipal water supplies are metered but rest assure that we will be paying for water usage.

• Company to meet with town annually to answer questions on operation of system • Rights and privileges continue for 40 years.	
Timetable for SCC decision (Waverly) • VAWC files petition to acquire 6/24/21 • Filing docketed 8/11/21 (+2 months) • Public Hearing Officer Report 3/3/22 (+7 months) • SCC final decision?	

Recommendations

1. Have VAWC review and comment on this document.
2. Have NewGen review and comment on this document.

Thoughts for Retaining our Utilities

What possibilities would I consider to further evaluate retention?

- Re-review our current long-term debt financing. Could we re-finance with new 20 or 30 year loan? Frees up money for capital projects and/or added engineering management costs or staff engineering.
 - 2010 VA Resource Authority w/\$240k payment/year -ends May 2032 (**interest 0%**)
 - Note: Two payments are required to be reserved and \$257k is held in US Bank VRA Reserve Fund
 - 2010 VML/VaCo w/\$77k payment/year – ends Feb 2030 (interest 3.5 – 6.5%)
 - 2016A Pinnacle Public w/\$13k payment/year – ends August 2026 (interest 2.1%)
 - 2016B Pinnacle Public w/\$137k payment/year – ends Feb 2034 (interest 2.5%)
 - Current payment \$469k/year principal and interest
 - Refinancing difficulties since many bonds are used for mixed purposed: general, utilities and harbor.
- Future Treatment Plan Expansion
 - Unknown cost for expansion
 - Reserve account for future plant expansion currently at \$1,640,457 – rededicate a portion for enterprise operations/engineering?
 - Unknown settlement with Preserve Communities from Annexation Agreement
- Could we obtain the necessary management expertise to engage in utilities (not operations)
 - Hire engineering service company with expertise in water/wastewater to cover capital planning, engineering resources, project management resources, GIS mapping, etc.
 - Hire town civil engineer familiar with utilities and project management. (Range: \$54k - \$101k+) (\$85-115K) (%75-95K) 5-10 year experience level. Majority of salary covered by enterprise fund. Can also be involved with other town capital projects.
 - Combination of the above. ✓
- Searching for Grant opportunities (by utility engineering company hired or added inhouse staff). (longer term)

CAUTION: Entering into any grants will complicate or negate purchase by another company. Potential sources;

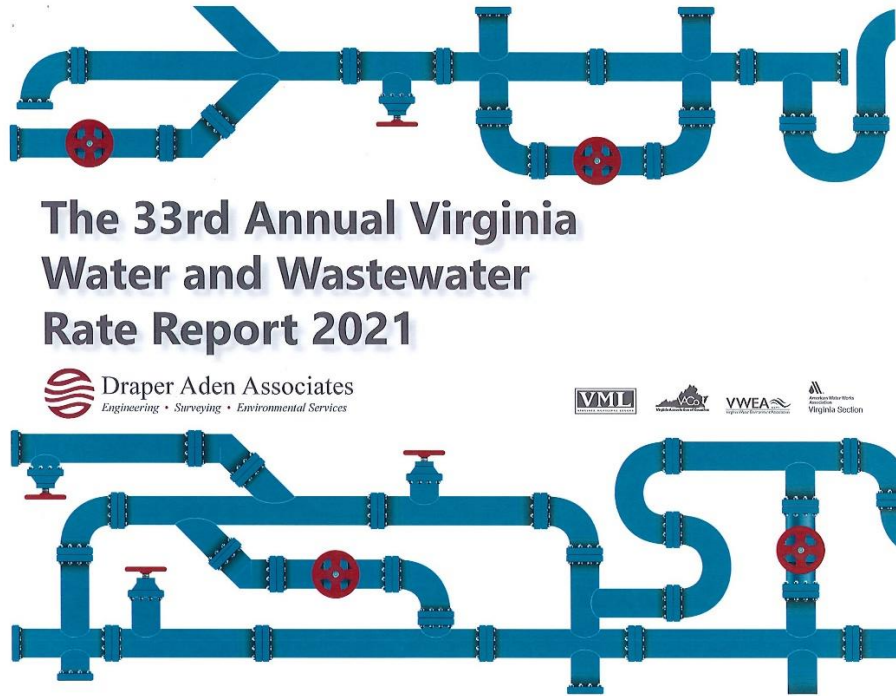
 - USDA
 - VDH Drinking Water
 - Just expanded ARPA funds available (closing deadline May 6, 2022 to VDH)
 - DWSRF – Drinking Water State Revolving Fund
 - Financial & Construction Assistance Program
 - Correcting public health issues and ensuring compliance with the SDWA and the Virginia Waterworks Regulations
 - Replacing aging infrastructure and critical assets
 - Providing below market rate loans to public waterworks for both new construction and replacement project
 - Capacity Development
 - Enhancing the long-term capacity to produce safe drinking water
 - Providing program administration, courses, scholarships, planning and design funds, direct technical assistance
 - Bipartisan Infrastructure Law (BIL)
 - EPA
 - DEQ

- Pursue the possibility of purchasing synergies by exploring large purchases (membranes, water tanks) through Hampton Roads Sanitation District, others
- Would there be a reason to change the minimum rate and volumetric rate structure? (long term)

Recommendation

1. Reorient focus of NewGen, or equivalent, to determine what it would take to retain our utility system.
2. Until sale of utilities decision is made, budget for town engineer and engineering services of 2022, using money from plant expansion accumulated funds. Anticipate Fall 2022 start.

Excerpts from The 33rd Annual Virginia Water and Wastewater Rate Report 2021 published by Draper Aden Associates:



About Our Survey

For 33 years, Draper Aden Associates has provided the Annual Virginia Water and Wastewater Rate Report as a service to our clients and to water and sewer providers across the Commonwealth. Earlier this year, Draper Aden Associates conducted a survey to request water and wastewater rate information from 259 water and sewer providers; data from fifty-one percent (51%), or 132 utilities is included in this report. The information summarized herein includes:

- approximate number of residential and non-residential connections
- billing frequency (monthly, bi-monthly, or quarterly)
- the charge for residential customers using 3,000, 4,000, and 5,000 gallons of water per month
- the charge for non-residential customers using 1,000,000 gallons per month
- the current residential connection fee and capital recovery charge
- the year that rates and fees were last changed.

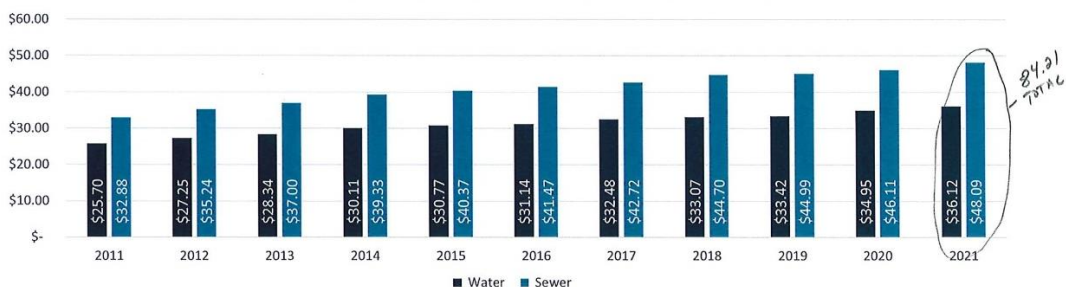
We are pleased to share these results and express our gratitude to all who participated in this effort.

Control Group Data

For over 20 years, Draper Aden's survey has tracked a select group comprised of 20 water and wastewater providers who represent a cross section of utilities across the Commonwealth. We have consistently tracked the monthly residential charges of these 20 utilities to provide an indication of trends in water and wastewater rates in Virginia – and to provide an indication of average increases over time.

The average water rate increased by 3.3% in 2021 and the average sewer rate increased by 4.3%. Since 2011, water rates have increased by approximately 3.5% per year and wastewater rates have increased by approximately 3.9% per year.

AVERAGE WATER AND SEWER BILLS (BASED ON 5,000 GALLONS OF USAGE)



The 33rd Annual Virginia Water and Wastewater Rate Report 3

Water Data	# Residential Water Units	# Non-Residential Water Units	Residential Water Rate Inside (3,000 gal./mo.)¹	Residential Water Rate Outside (3,000 gal./mo.)¹	Residential Water Rate Inside (4,000 gal./mo.)¹	Residential Water Rate Outside (4,000 gal./mo.)¹	Residential Water Rate Inside (5,000 gal./mo.)¹	Residential Water Rate Outside (5,000 gal./mo.)¹	Billing Frequency	Water Rate - Business Inside (1 million gal./mo.)¹	Last Water Rate Change	Water Source²	Residential Connection Fee³	Last Water Connection Fee Change	Residential Capital Recovery Charge⁴	Last Water CRC Rate Change
Albemarle County Service Authority	32,702	1,512	\$23.10		\$32.53		\$41.96		M	\$9,232	2021	S	\$1,026	2013	\$6,656	2017
Alleghany County	2,588	187	\$47.00		\$47.00		\$47.00		M	\$9,797	2021	S	\$1,000	2000		
Allavista, Town of	1,744	69	\$15.56	\$24.62	\$18.58	\$30.66	\$21.60	\$36.70	Q	\$3,123	2021	C	\$1,500	2018		
Amelia County	294	147	\$22.50		\$27.00		\$31.50		M	\$4,725	2015	G	COST + 100%	2007	\$3,000	2013
Amherst County Service Authority	5,972	422	\$34.66		\$42.23		\$49.86		B	\$7,583	2021	S	\$1,500	2021	\$3,000	2021
Amherst, Town of	1,131	164	\$38.85	\$77.70	\$46.60	\$93.20	\$54.35	\$108.70	M	\$12,250	2019	S			\$1,700	
Appomattox, Town of	944	231	\$17.50		\$23.70		\$29.90		M	\$6,199	2020	S	\$1,500		\$2,500	
Arlington County	35,663	1,946	\$14.73		\$19.64		\$24.55		Q	\$4,910	2021	S	\$4,350	2021	95/dflu	2021
Augusta County Service Authority	13,852	1,051	\$25.77		\$31.82		\$37.87		B	\$6,279	2021	C	\$1,350	2019	\$2,645	
Bedford Regional Water Authority	13,457	1,052	\$38.40	\$39.40	\$43.20	\$44.20	\$48.00	\$49.00	M	\$5,300	2021	C	\$1,500	2021	\$5,000	2021
Berryville, Town of	1,751	27	\$31.58	\$37.67	\$39.73	\$47.85	\$48.08	\$58.03	M	\$20.00	2020	S	\$13,838	2020		
Blacksburg, Town of	10,022	319	\$25.47	\$44.59	\$32.93	\$57.65	\$40.39	\$70.71	M	\$7,463	2021	S	\$675	2021	\$1,725	2021
Blackstone, Town of			\$25.40	\$38.10	\$33.87	\$50.81	\$42.34	\$63.51	M	\$8,212	2021	S				
Bland County Service Authority	550	55	\$32.50		\$39.75		\$47.00		M	\$8,267	2014	G	\$1,300	2018		
Bluefield, Town of	2,300	100	\$34.58	\$51.87	\$42.96	\$64.44	\$51.34	\$77.01	M	\$10,669	2021	S	\$450	2017		
Boones Mill, Town of			\$58.00	\$78.00	\$64.00	\$84.00	\$70.00	\$90.00	M	\$6,020	2018	G	\$3,000			
Boydton, Town of			\$21.90	\$31.90	\$26.90	\$41.90	\$31.90	\$51.90	M			S				
Bridgewater, Town of	2,199	124	\$17.16	\$29.98	\$21.17	\$33.99	\$25.18	\$38.00	M	\$4,785	2021	C	\$2,988	2021		
Bristol Virginia Utilities Authority	6,931	955	\$25.21	\$37.79	\$28.91	\$43.33	\$32.61	\$48.87	M	\$3,321	2021	S	\$990	2019		
Broadway, Town of	1,546	155	\$18.31		\$23.40		\$28.49		B		2018	S	\$2,500	2018		
Brookneal, Town of			\$29.30		\$36.10		\$42.90		M			S				
Buckingham County	321	95	\$26.12		\$26.12		\$39.72		M	\$13,572	2020	S	\$2,000	1994		
Buena Vista, City of	2,620	199	\$25.74		\$34.32		\$42.90		M	\$8,580	2020	G	\$2,500	2019		
Campbell County Utility & Service Auth.	10,702	565	\$26.81		\$33.07		\$39.34		B	\$6,344	2012	C	\$1,500	2010	\$1,900	2010
Cape Charles, Town of	1,160	110	\$36.09		\$38.72		\$41.35		M		2021	G	\$875	2021	\$4,000	2012
Caroline County	1,652	138	\$25.73		\$27.33		\$29.25		M	\$2,179	2021	G	\$1,500	2021	\$5,000	2018
Carroll County PSA	3,689	165	\$41.59		\$51.99		\$62.39		M	\$5,254	2021	C	\$1,250	2019		
Charlotte Court House, Town of	200	61	\$37.00		\$41.00		\$45.00		M		2015	S	\$1,450			
Chatham, Town of	717	216	\$15.42	\$25.65	\$20.56	\$34.20	\$25.70	\$42.75	Q	\$5,140	2018	S	\$1,000	2018		
Chase City, Town of	1,076	101	\$26.10	\$33.41	\$32.00	\$40.96	\$37.90	\$48.51	M		2020	S	\$800	2014		

¹"Inside" refers to inside of municipal boundary. "Outside" rates are listed where the utility has implemented higher rates to users outside of the municipal boundary.

²Water Source: S = surface water, G = groundwater, and C = combination.

2. Connection and Capital Recovery Charge (CRC) Fees: "Cost" = customer pays the Cost of making the connection; "Cost +" = the customer pays the Cost to make the connection, plus additional charges, "Fixture" or DFU means the customer is charged that fee per the number of drainage fixture units in the structure. Min = Minimum charge is dollar amount cited.

The 33rd Annual Virginia Water and Wastewater Rate Report 7

 Wastewater Data ⁴	# Residential Wastewater Units	# Non-Residential Wastewater Units	Residential WW Rate Inside (3,000 gal./mo.)	Residential WW Rate Outside (3,000 gal./mo.)	Residential WW Rate Inside (4,000 gal./mo.)	Residential WW Rate Outside (4,000 gal./mo.)	Residential WW Rate Inside (5,000 gal./mo.)	Residential WW Rate Outside (5,000 gal./mo.)	Billing Frequency	WW Rate Business Inside (1 million gal./mo.)	Last WW Rate Change	Residential Connection Fee Wastewater	Last WW Connection Fee Change	Residential Capital Recovery Charge	Last WW CRC Rate Change
Abingdon, Town of	4,202	708	\$29.62	\$53.38	\$34.05	\$60.84	\$38.48	\$68.30	M	\$5,932	2021	\$1,500	2018	\$2,200	2018
Albemarle County Service Authority	29,595	1,188	\$29.82		\$39.76		\$49.70		M	\$9,940	2021		2013	\$6,820	2017
Alexandria Renew / City of Alexandria	23,099	3,490	\$45.25		\$56.22		\$67.19		M	\$11,896	2021	\$9,446	2021		
Alleghany County	1,929	134	\$47.00		\$47.00		\$47.00		M	\$11,297	2021	\$1,000	2000		
Altavista, Town of	1,113	40	\$9.26	\$18.49	\$12.34	\$24.65	\$15.43	\$30.81	Q	\$3,162	2021	\$2,000	2008		
Amelia County	239	119	\$30.00		\$36.00		\$42.00		M	\$6,300	2021	COST+100%	2007	\$4,000	2013
Amherst County Service Authority	897	202	\$36.93		\$48.26		\$59.68		B	\$11,339	2021	\$1,500	2021	\$4,500	2021
Amherst, Town of	680	142	\$47.90	\$95.80	\$54.75	\$109.50	\$61.60	\$123.20	M	\$15,265	2019	\$2,200			
Appomattox, Town of	754	188	\$47.27		\$67.04		\$84.81		M	\$17,766	2020	\$2,200	2013	\$3,000	2019
Arlington County	35,307	1,642	\$28.32		\$37.76		\$47.20		Q	\$9,440	2021	\$0	2021		2021
Augusta County Service Authority	8,332	720	\$42.33		\$52.55		\$62.77		B	\$10,514	2021	\$1,250		\$4,900	
Bedford Regional Water Authority	4,869	697	\$45.70		\$52.90	\$55.20	\$60.10	\$63.10	M	\$7,092	2021	\$1,500	2021	\$5,900	2021
Berryville, Town of	1,725	11	\$56.63	\$69.56	\$73.90	\$91.14	\$91.17	\$112.72	M		2020	\$14,863	2020		
Blacksburg, Town of	9,404	299	\$21.56	\$37.73	\$27.71	\$48.49	\$33.86	\$59.25	M	\$6,153	2021	\$1,115	2021	\$2,500	2021
Blackstone, Town of			\$25.47	\$38.21	\$33.95	\$50.93	\$42.43	\$63.65	M	\$8,480	2021				
Bland County Service Authority	330	35	\$26.50		\$31.00		\$37.50		M	\$11,953	2014	\$400	2018		
Boones Mill, Town of			\$58.00	\$78.00	\$64.00	\$84.00	\$70.00	\$90.00	M	\$6,020	2018	\$4,000			
Boydton, Town of			\$26.90	\$36.90	\$31.90	\$46.90	\$36.90	\$56.90	M						
Bridgewater, Town of	2,142	119	\$31.47		\$39.29		\$47.11		M	\$9,187	2021	\$7,772	2021		
Bristol Virginia Utilities Authority	6,703	966	\$26.48	\$34.05	\$30.26	\$39.72	\$34.04	\$45.39	M	\$3,587	2021	\$2,250			
Broadway, Town of	1,488	95	\$13.82		\$17.64		\$21.46		B		2018	\$4,600	2018		
Brookneal, Town of			\$17.16		\$19.82		\$22.48		M						
Buckingham County	178	42	\$42.08		\$42.08		\$56.09		M	\$13,996	2020	\$2,500	1994		
Buena Vista, City of	2,535	167	\$25.62		\$34.16		\$42.70		M	\$8,540	2020	\$2,000	2019		
Campbell County Utility & Service Auth.	3,435	306	\$25.82		\$32.41		\$39.02		B	\$6,610	2012	\$1,900	2010	\$2,200	2010
Cape Charles, Town of	1,160	110	\$67.23		\$71.34		\$75.45		M		2021	\$875	2012	\$6,600	2012
Caroline County	993	114	\$57.03		\$67.06		\$77.40		M	\$11,172	2021	\$2,000	2021	\$6,000	2018
Carroll County PSA	891	210	\$46.20		\$57.20		\$68.20		M	\$8,301	2021	\$1,250	2019		
Chatham, Town of	428	123	\$19.17	\$35.70	\$25.56	\$47.60	\$31.95	\$59.50	Q	\$6,390	2018	\$1,000	2018		
Chase City, Town of	1,076	69	\$19.90	\$25.47	\$22.49	\$28.79	\$25.08	\$32.10	M			\$600	2014		
Chesterfield County	117,934	3,848	\$25.99		\$29.10		\$32.20		B	\$3,458	2021	\$0	2021	\$5,400	2018
Chilhowie, Town of	1,040	121	\$26.85	\$56.83	\$32.22	\$67.68	\$37.59	\$78.98	M	\$6,983	2021	\$900	2016		
Christiansburg, Town of	10,658	563	\$30.50	\$45.47	\$40.75	\$61.13	\$51.00	\$76.50	M	\$10,250	2018	\$3,000	2015		
Clarke County Sanitary Authority	338	30	\$58.50		\$58.50		\$65.96		B	\$14,924	2019			\$16,200	2006
Clarksville, Town of			\$47.38	\$107.12	\$61.57	\$128.87	\$75.76	\$150.62	B	\$14,195	2021				

$\swarrow$
 w/w/w
 TOTAL: 116.80 $\rightarrow$ \$32.59 MORE (39% ABOVE AVERAGE)

Information Provided by NewGen Strategies and Solutions, LLC (the Town's consultant):

Town of Cape Charles Estimated Water and Sewer Fund Balance Forecast

May 26, 2022

Developed by: NewGen Strategies and Solutions, LLC

Fiscal Year	Budget 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Forecast 2031
Beginning Unrestricted Fund Balance	\$ 668,758	\$ 617,286	\$ 894,374	\$ 1,211,874	\$ 1,528,902	\$ 1,707,245	\$ 2,081,173	\$ 2,227,749	\$ 2,525,694
Operating Revenues									
Water Sales	\$ 650,000	\$ 799,500	\$ 903,435	\$ 930,538	\$ 958,454	\$ 987,208	\$ 1,016,824	\$ 1,047,329	\$ 1,078,749
Sewer Charges	1,170,000	1,439,100	1,626,183	1,674,968	1,725,218	1,776,974	1,830,283	1,885,192	1,941,748
Connection Fees - All	77,000	107,459	85,360	82,441	51,542	83,663	52,805	77,969	54,155
Other Revenues	61,624	62,918	66,693	70,027	72,828	75,742	78,771	81,922	85,199
Total Operating Revenues	\$ 1,958,624	\$ 2,408,976	\$ 2,681,671	\$ 2,757,975	\$ 2,808,042	\$ 2,923,586	\$ 2,978,684	\$ 3,092,412	\$ 3,159,851
Operating Expenses									
Utility Admin	\$ 278,949	\$ 289,709	\$ 299,536	\$ 308,222	\$ 317,201	\$ 326,482	\$ 336,078	\$ 345,999	\$ 356,258
Utility Billing	60,528	62,868	65,006	66,896	68,850	70,870	72,958	75,117	77,349
Water O&M	677,009	689,352	701,927	714,737	727,787	741,081	754,625	768,424	782,481
Sewer O&M	909,490	964,060	1,012,263	1,052,753	1,094,863	1,138,658	1,184,204	1,231,573	1,280,835
Existing Debt - Replacement	476,019	468,113	468,207	469,823	467,819	495,638	498,378	496,390	392,003
New Debt - Replacement	-	32,162	94,801	94,801	94,801	94,801	94,801	109,518	124,234
PAYGO CIP - Replacement	74,500	75,945	57,964	51,588	17,314	-	50,000	50,000	50,000
Total Operating Expenses	\$ 2,476,496	\$ 2,582,209	\$ 2,699,703	\$ 2,758,820	\$ 2,788,635	\$ 2,867,531	\$ 2,991,045	\$ 3,077,020	\$ 3,063,161
Operating Surplus / (Deficit)	\$ (51,472)	\$ 277,087	\$ 317,500	\$ 317,028	\$ 178,344	\$ 373,928	\$ 146,575	\$ 297,945	\$ 255,626
Ending Unrestricted Fund Balance	\$ 617,286	\$ 894,374	\$ 1,211,874	\$ 1,528,902	\$ 1,707,245	\$ 2,081,173	\$ 2,227,749	\$ 2,525,694	\$ 2,781,320
Rate Revenue Increase		23.0%	13.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Beginning Restricted Fund Balance	\$ 1,640,457	\$ 2,046,857	\$ 3,746,614	\$ 3,139,061	\$ 2,596,284	\$ 2,910,003	\$ 433,483	\$ 755,531	\$ 1,230,367
Restricted Revenues									
Facility Fees - Bay Creek	360,400	540,600	402,800	381,600	190,800	381,600	190,800	339,200	190,800
Facility Fees - Historic	106,000	110,800	115,156	118,970	122,920	127,010	131,248	135,637	140,183
Potential Developer Contributions*	-	1,157,630	-	-	-	2,985,131	-	-	-
Total Restricted Revenues	\$ 466,400	\$ 1,809,030	\$ 517,956	\$ 500,570	\$ 313,720	\$ 3,493,741	\$ 322,048	\$ 474,837	\$ 330,983
Restricted Expenses									
PAYGO CIP - Expansion	\$ 60,000	\$ 109,273	\$ 1,125,509	\$ 1,043,347	\$ -	\$ 5,970,261	\$ -	\$ -	\$ -
Restricted Fund Surplus / (Deficit)	\$ 406,400	\$ 1,699,757	\$ (607,553)	\$ (542,777)	\$ 313,720	\$ (2,476,520)	\$ 322,048	\$ 474,837	\$ 330,983
Fund Balance After Restricted Contributions	\$ 2,046,857	\$ 3,746,614	\$ 3,139,061	\$ 2,596,284	\$ 2,910,003	\$ 433,483	\$ 755,531	\$ 1,230,367	\$ 1,561,350

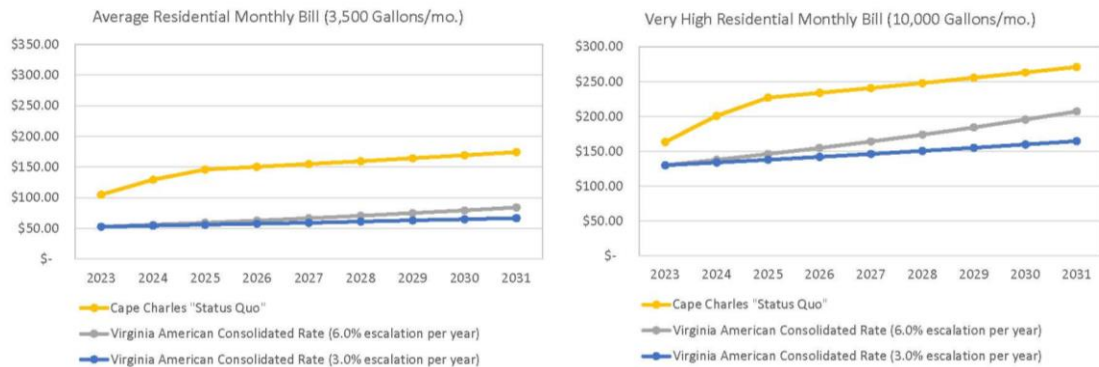
* This is a rough estimated place holder

This forecast is based on the latest available information as well as various assumptions and estimations. Actual results will materially vary from the forecast based on currently unknown future impacts.

Town of Cape Charles Estimated Water and Sewer Fund Balance Forecast

May 26, 2022

Developed by: NewGen Strategies and Solutions, LLC



This forecast is based on the latest available information as well as various assumptions and estimations. Actual results will materially vary from the forecast based on currently unknown future impacts.

Information Provided by Virginia American Water:

Rate Scenarios Provided by Virginia American Water, May 26, 2022

506 Randolph 2,572 Gallons Average Per Month

Scenario 1	YEARS	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Cape Charles	0.00%	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205
VAW	3.70%	599	621	644	668	693	718	745	773	801	831	862	893	926	961	996	1,033	1,071	1,111	1,152	1,195	1,239
\$\$\$ Saved	6,777	606	584	561	537	512	487	460	433	404	374	344	312	279	245	209	172	134	94	53	10	100

Scenario 2	YEARS	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Cape Charles	1.00%	1,205	1,217	1,229	1,242	1,254	1,267	1,279	1,292	1,305	1,318	1,331	1,345	1,358	1,372	1,385	1,399	1,413	1,427	1,442	1,456	1,471
VAW	3.70%	599	621	644	668	693	718	745	773	801	831	862	893	926	961	996	1,033	1,071	1,111	1,152	1,195	1,239
\$\$\$ Saved	9,476	606	596	585	574	561	548	534	520	504	487	470	451	432	411	389	366	342	316	290	261	232

Scenario 2	YEARS	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Cape Charles	2.00%	1,205	1,229	1,254	1,279	1,305	1,331	1,357	1,384	1,412	1,440	1,469	1,499	1,529	1,559	1,590	1,622	1,655	1,688	1,721	1,756	1,791
VAW	5.00%	599	629	660	693	728	765	803	843	885	929	976	1,025	1,076	1,130	1,186	1,245	1,308	1,373	1,442	1,514	1,589
\$\$\$ Saved	9,677	606	600	593	586	576	566	554	541	527	511	493	474	453	429	404	377	347	315	280	242	201