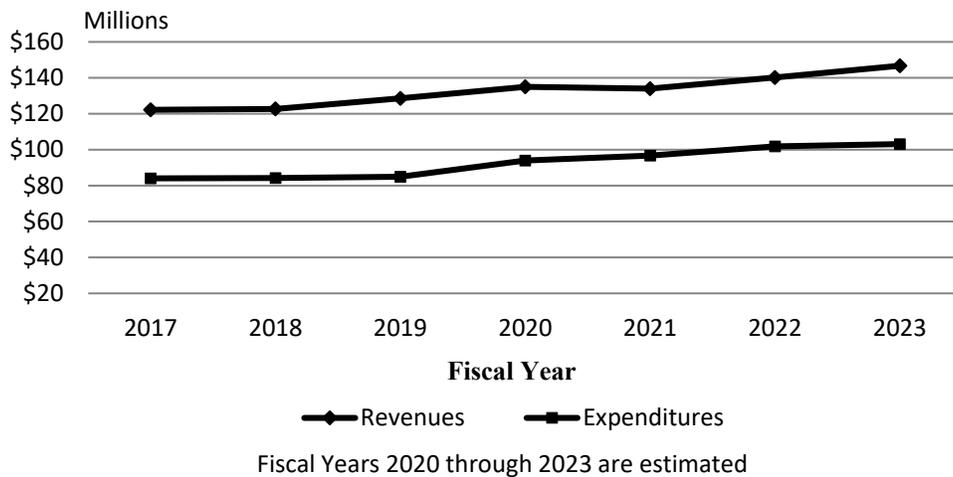


Three Year Forecast Revenues and Expenditures Enterprise Fund – Water & Sewer



ENTERPRISE FUNDS

(Funds 51 and 52)

Enterprise Funds account for operations funded and operated in a manner similar to private business enterprises, where the intent of the County is to recover, through user charges, the cost of providing services to users of the service.

The Water and Sewer Enterprise Fund (Fund 51) accounts for the provision of water and sewer services to residents of Henrico County, and wholesale service to Hanover and Goochland Counties. Until December 2020, Belmont Park Golf Course Enterprise Fund (Fund 52) accounted for the operations of Belmont Park Golf Course. Since that date, operations for Belmont Golf Course have been turned over to First Tee of Richmond. All activities necessary to provide such services are accounted for in the respective funds, including operations, maintenance, construction, financing, and related debt service.

The three-year forecast narrative of revenues and expenditures has been prepared for each of these operations separately, using the same basic framework as the General Fund.

Water and Sewer Operations (Fund 5101)

Revenues

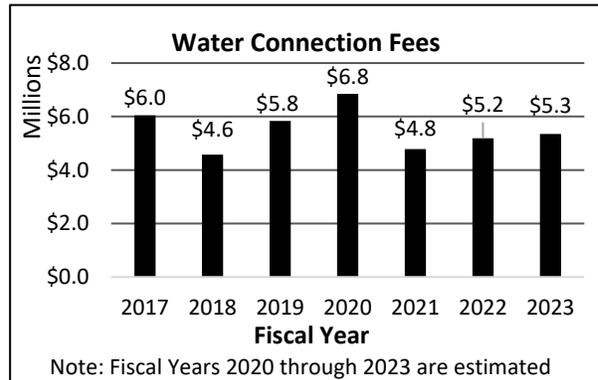
Assumptions

Water and Sewer Enterprise Fund revenues are forecasted with increases in customer growth necessary to keep pace with routine operating costs, expansion and rehabilitation of infrastructure and the debt service payments on outstanding debt. Forecasted revenues also satisfy the requirements of the County's revenue bond covenants for current and future debt issues.

Sale of Water for FY2020-21 is based on a maintain flat rates for the median residential customer. Forecasts for FY2021-22 and FY2022-23 were prepared using 5.0 percent rate increases in each year. These increases will

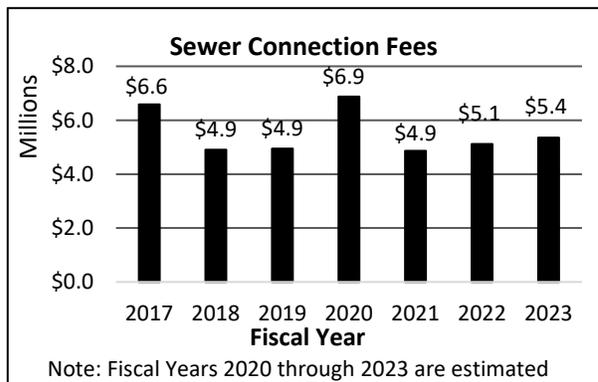
support inflationary growth in expenditures and planned rehabilitation projects, as well as future new capital infrastructure needs, including the Cobbs Creek Reservoir.

Water Connection Fees are those fees collected for initial connection to the County's water distribution system. This revenue category mirrors economic development activity and all collections are used to fund the cost of expanding the County's water system. Forecasted revenue collections in FY2020-21 reflect no change to the water connection fees. The forecast for water connection fees reflects 3.0 percent growth in FY2020-21 and FY2021-22, which reflects a conservative estimate of growth in the commercial and residential real estate.



Sale of Sewer Services for FY2020-21 is based on maintaining flat water and sewer rates for the median residential customer. Like Sale of Water Service revenues, noted above, forecasts for FY2021-22 and FY2022-23 were prepared using 5.0 percent rate increases in each year. Most of this increase will be used to support growth in expenditures and capital infrastructure projects and rehabilitation.

Sewer Connection Fees are those fees collected for initial connection to the County's sewage system. This revenue category mirrors economic development activity and all collections are used to fund the cost of expanding the County's sewer system. Like water connections fees, as noted above, the forecast for FY2020-21 reflects no change in sewer connection fees. A 3.0 percent increase in collections has been projected for both FY2021-22 and FY2022-23, which reflects a conservative estimate of commercial and residential real estate growth.



(To) From General Fund includes the General Fund payment to support debt service on the portion of the \$32,000,000 subordinate Water and Sewer Revenue bonds sold in FY1997-98 to fund the infrastructure improvements of the Elko Tract in eastern Henrico County (these bonds were refunded in FY2009-10). The payment in FY2020-21 totals \$1,929,858. With the refunding of the \$32,000,000 subordinate Water and Sewer Revenue bonds in FY2009-10, the structure of these payments from the General Fund is solely reflected in the General Fund transfer amount.

Budget for Capital Use projections represent non-bond resources, available from Water and Sewer Operations to supplement utility infrastructure rehabilitation, expansion and other capital improvement activities. The transfer amounts for the forecast period reflect the planned appropriations for capital improvement projects to be supported by non-bond resources.

Expenditures

Assumptions

Expenditures developed for the forecast period represent total operating costs for providing water and sewer service to County residents. Operating costs include infrastructure maintenance, operation of the water and sewer systems and debt service on bond issues.

Results of Operations (Prior to Capital Expenses) reflect the anticipated variance of revenues less expenditures.

Water and Sewer Construction Fund (Fund 5102)

Capital Budget Expenditures

Assumptions

Approved/Proposed Capital Projects are expected to total \$27.5 million in FY2020-21, \$50.4 million in FY202-22, and \$66.3 million in FY2022-23. These projections represent expenditures for projects planned in future years listed in the Capital Projects Fund section of this budget document.

Continuing Capital Projects represent the expenditures in construction appropriations based on projected resources and corresponding expenditures throughout the forecast period.

Capital Budget Resources

Assumptions

Water and Sewer Revenue projections represent non-bond resources transferred from the Operations sub-fund to the Construction sub-fund to support costs related to system rehabilitation, expansion and improvements. This transfer includes the connection fees paid by real-estate developers and new customers for initial connection to the County's water and sewer systems.

Revenue Bonds represents the proceeds from the sale of revenue bonds for new and rehabilitation capital projects.

Water & Sewer Enterprise Fund Forecast

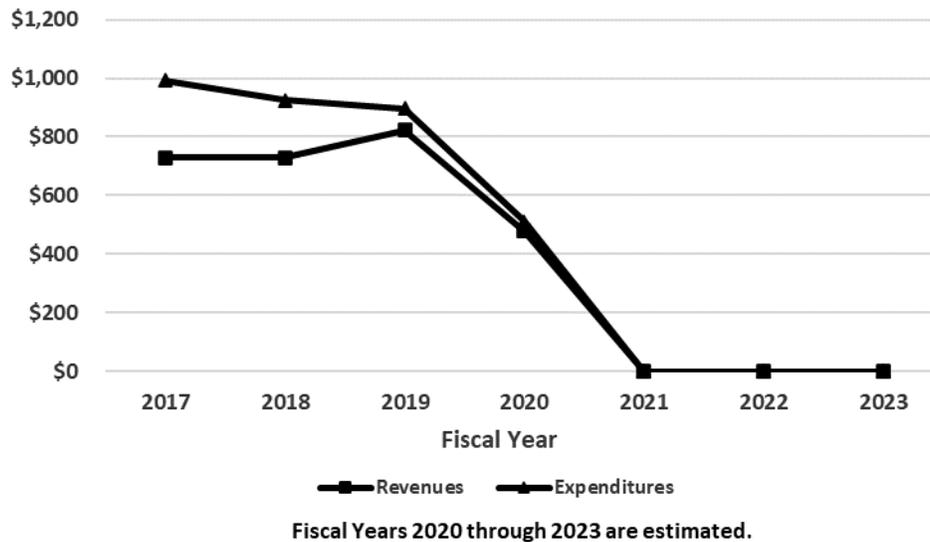
	FY18-19 Actual	FY19-20 Original	FY20-21 Forecast	FY21-22 Forecast	FY22-23 Forecast
Water & Sewer Operations Subfund					
Revenues:					
Sale of Water	\$ 57,458,997	\$ 59,531,001	\$ 62,252,832	\$ 65,365,474	\$ 68,633,747
Water Connection Fees	6,847,766	4,785,606	5,189,550	5,345,237	5,505,594
Sale of Sewer Services	57,593,466	58,909,374	61,440,215	64,512,226	67,737,837
Sewer Connection Fees	6,879,189	4,863,316	5,199,853	5,355,849	5,516,524
Miscellaneous Revenue	4,119,259	3,686,889	4,143,327	4,267,627	4,395,656
Transfer from General Fund	<u>1,930,021</u>	<u>1,928,921</u>	<u>1,929,858</u>	<u>1,932,921</u>	<u>2,150,750</u>
Total Revenue	\$ <u>134,828,698</u>	\$ <u>133,705,107</u>	\$ <u>140,155,635</u>	\$ <u>146,779,332</u>	\$ <u>153,940,108</u>
Expenditures:					
Personnel	\$ 21,773,154	\$ 22,966,323	\$ 23,665,477	\$ 24,138,787	\$ 24,621,562
Operating	44,731,431	43,638,992	45,274,849	46,180,346	47,103,953
Capital Outlay	<u>580,799</u>	<u>781,922</u>	<u>1,135,653</u>	<u>1,158,366</u>	<u>1,181,533</u>
Sub-Total	67,085,384	67,387,237	70,075,979	71,477,499	72,907,049
Debt Service	<u>26,846,075</u>	<u>29,298,024</u>	<u>31,809,741</u>	<u>33,011,390</u>	<u>33,011,390</u>
Total Expenditures	\$ <u>93,931,459</u>	\$ <u>96,685,261</u>	\$ <u>101,885,720</u>	\$ <u>104,488,889</u>	\$ <u>105,918,439</u>
Results of Operations (Prior to Capital Expenses)	40,897,239	37,019,846	38,269,915	42,290,444	48,021,669
Budget For Capital Use (Below)	(103,004,520)	(69,650,000)	(27,500,000)	(50,400,000)	(66,300,000)
Capital Budget Expenditures					
	FY18-19 Actual	FY19-20 Original	FY20-21 Forecast	FY21-22 Forecast	FY22-23 Forecast
Approved/Requested Capital Projects	\$ -	\$ 69,650,000	\$ 27,500,000	\$ 50,400,000	\$ 66,300,000
Continuing Capital Projects (Previously Approved) ⁽¹⁾	103,004,520	-	-	-	-
Total Capital	\$ 103,004,520	\$ 69,650,000	\$ 27,500,000	\$ 50,400,000	\$ 66,300,000
Capital Budget Resources					
Water and Sewer Revenues	\$ 28,648,730	\$ 61,150,000	\$ 27,500,000	\$ 20,400,000	\$ 36,300,000
Revenue Bonds	74,355,790	8,500,000	-	30,000,000	30,000,000
Total Capital Budget Resources	\$ 103,004,520	\$ 69,650,000	\$ 27,500,000	\$ 50,400,000	\$ 66,300,000

Notes:

⁽¹⁾ This number plus the budget figure reflects Utilities estimate of capital spending from previously Board approved capital projects. FY2018-19 represents actual spending, as per the 2019 audit.

Note: Fund Equity as of June 30, 2019 was \$146,439,690

Three Year Forecast Revenues and Expenditures Enterprise Fund – Belmont Golf Course



Belmont Park Golf Course Operations (Fund 5201)

Operating Note

During the 35 years that the Belmont Golf Course operated as an Enterprise Fund, the golf course did not fully recover its costs in 20 of those years. The operating deficits were the results of many factors including damage from Hurricanes Irene and Gaston and a waning interest in golf nationally due to social trends and recreational choices.

In an effort to more effectively manage the Belmont Golf Course, the County issued Request for Proposal (RFP) No. 19-1903-8CHS on August 26, 2019. The RFP requested proposals to enter into a long-term lease and operation and maintenance agreement for the Belmont Golf Course.

On December 10, 2019, the Board of Supervisors approved a resolution authorizing the County Manager to execute a deed of lease and operation and maintenance agreement with The First Tee of Greater Richmond. First Tee is a nonprofit organization that has been operating in the Richmond area since 1998.

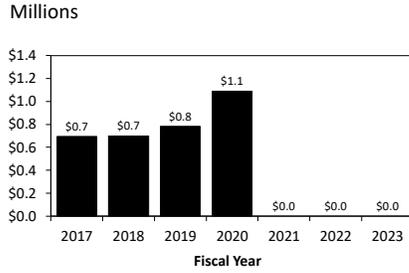
The initial term of the agreement is 20 years, beginning January 1, 2020, and the parties may renew the agreement for additional five-year periods. In the agreement, the County committed to contributing \$750,000 to a dedicated account for the renovation of the golf course after The First Tee of Greater Richmond contributed at least \$3,250,000 to the dedicated account. On February 25, 2020, the Board of Supervisors approved an amendment to the FY2019-20 Annual Fiscal Plan for the agreed upon contribution of \$750,000 for the renovations to Belmont Golf Course.

Revenues

Assumptions

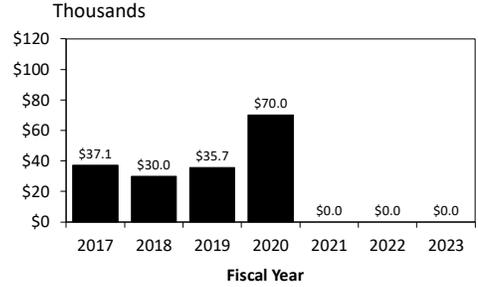
Given the change in operations the Belmont Golf course going forward will no longer be generating revenue and thus all future forecasts represent \$0 for Golf Course Fees, Snack Bar Revenue, and (To) From Retained Earnings.

Golf Course Fees



Fiscal Years 2020 through 2023 are estimated.

Snack Bar Revenues



Fiscal Years 2020 through 2023 are estimated.

Expenditures

Assumptions

Given the change in operations, the Belmont Golf Course is not anticipated to incur future operating expenditures going forward.

Belmont Golf Course Enterprise Fund Forecast

	FY 18-19 Actual	FY 19-20 Original	FY 20-21 Forecast	FY 21-22 Forecast	FY 22-23 Forecast
Belmont Golf Course Operations					
Revenues:					
Golf Course Fees	\$ 782,252	\$ 1,090,388	\$ 0	\$ 0	\$ 0
Snack Bar Revenues	35,734	70,000	0	0	0
Recoveries & Rebates	4,350	-	-	-	-
Total Revenues	<u>\$ 822,336</u>	<u>\$ 1,160,388</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Plus:					
(To)From Golf Course Retained Earnings	73,536.38	-	-	-	-
Total Resources	<u>\$ 895,872</u>	<u>\$ 1,160,388</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:					
Operational Expenses	<u>\$ 895,872</u>	<u>\$ 1,160,388</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>