



Joint Statement

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City of Fairfax and Fairfax Water Enter Into a “Win-Win” Water Agreement

The City of Fairfax, Fairfax Water, and Fairfax agreed upon a framework under which all current City water customers would become retail customers of Fairfax Water. The framework has been approved unanimously by the City of Fairfax City Council, the Fairfax Water Board of Directors, and the Fairfax County Board of Supervisors. The final agreement is subject to approval by all three bodies.

“After a multi-year process of carefully exploring future options for the City’s water system, including wholesale and retail alternatives, we are pleased to have an agreement that will benefit our residents for decades to come,” said R. Scott Silverthorne, Mayor of the City of Fairfax. “While the financial advantages to City residents are immediate and improve after three years, it is the cost avoidance of additional significant capital expenditures 20 years out that affords the greatest benefit to the City of Fairfax.”

The agreement calls for the City of Fairfax water customers to become retail customers of Fairfax Water, the reduction in water rates to customers in the City of Fairfax’s system service area, the settlement of all litigation between the City of Fairfax, Fairfax County and Fairfax Water and employment guarantees for City of Fairfax Water Utility employees.

“Fairfax County is pleased that all parties have reached an agreement for water to be provided to the City of Fairfax area by Fairfax Water,” said Fairfax County Board of Supervisors Chairman Sharon Bulova. “This agreement is a major step in the right direction toward ensuring water service that is affordable and reliable for our residents and corporate neighbors, ensuring a first-class water system for customers for the long run. I thank the Mayor and City Council of the City of Fairfax for their leadership and the time they took to engage their constituents in reaching this decision.”

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“We are excited that we reached an understanding that will benefit all of the people served by these two water systems,” said Philip Allin, Chairman of Fairfax Water. “Providing the highest quality water at the lowest rates continues to be our mission and we are delighted to add the 40,000 persons served by the City of Fairfax system to the nearly 1.7 million people in northern Virginia we currently have the privilege of serving.”

Principal Terms of the Settlement

- City of Fairfax water customers will become retail water customers of Fairfax Water. The City will pay the sum of \$20 million (off set by the sale of other water system assets) as a net capacity buy-in to Fairfax Water’s system. The City will pay that obligation through a seven year note, with the first five years being interest free and the last two years at three percent interest. There will be no pre-payment penalty. The note will have a balloon payment at the end of its term at which time the principal portion of the note becomes due.
- Fairfax Water will establish rate uniformity between the City’s existing water customers and those of Fairfax Water within three years following the execution of the final agreement. There will remain rate uniformity between the City’s existing customers within its boundaries and the City’s existing customers outside its boundaries.
- Fairfax Water will offer employment to all of the City’s approximately 30 water system employees and guarantee employment for three years following the date of such employment terminable only for cause, and with no less compensation than the employees currently earn; provided that, with regard to the Goose Creek treatment plant employees, Fairfax Water will offer employment to those employees only if Goose Creek ceases production, but not later than three years following execution of the final agreement. The City will ensure that such employees’ pension and benefit obligations are brought current.
- Fairfax Water will acquire all pipe, storage facilities and appurtenances within the City and in the County needed to operate the water system, including the transmission mains within Fairfax County. The City shall retain all assets in Loudoun County (including but not limited to the Goose Creek Plant and Goose Creek and Beaverdam Reservoirs, dams and all related land).
- The City will retain all debt associated with its water system, unless immediate upgrade improvements are needed and agreed to by Fairfax Water.
- The City, the County and Fairfax Water will seek dismissal of pending litigation regarding Fairfax County’s rate regulation ordinance upon approval by the City, the County and Fairfax Water of a final agreement between the parties. Fairfax County will not enforce its rate regulation ordinance pending approval and execution of the final agreement by all parties.
- The City is still examining the merit of an offer by the County to consider adjusting a portion of the boundary between the City and the County and will reach a decision in the near future.

Next Steps

- Fairfax Water, the City of Fairfax, and Fairfax County will proceed to prepare and approve the final agreement.
- The pending litigation between the parties will be dismissed once the final agreement is approved by all parties.

What It Means to the Customers

- City of Fairfax water system customer rates will be reduced to the same rates paid by Fairfax Water's existing customers within three years.
- The City of Fairfax's existing customers (inside and outside the City) will be charged the same water rates as Fairfax Water's customers in perpetuity.
- The City will not have to spend tens of millions of dollars in future capital improvement expenses to improve its water treatment plant.
- The agreement will end all pending litigation between the parties.
- Fairfax Water's providing retail service to the City's water customers will not impact the water rates of current Fairfax Water customers.

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For more information, visit www.fairfaxva.gov

And www.fairfaxwater.org

And www.fairfaxcounty.gov