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FVC Educational Series Release 2

EDUCATIONAL SERIES

Release 2, April 14, 2021

RESERVES

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At the time of the last VWD water rate increase, February of 2020, water capital replacement reserves totaled \$31.4 million, which already exceeded the entire 5-year water replacement Capital Improvement Program (CIP) of \$16.1 million. Yet VWD adopted rates that included a \$6.9 million “transfer to capital reserve” constituting 14.5% of the amount VWD customers currently pay for water. Coincidentally, ***VWD uses money in capital replacement reserves to subsidize urban development since there is a deficit balance in the developers’ restricted capacity funds. VWD water rates could be far less if the reserve policy included more industry standard methods for determining reserve target levels and if VWD would issue bonds instead of “borrowing” from ratepayers.***

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[Read the release](#)