

RESOLUTION  
McLean Citizens Association  
March 7, 2012

Whereas, the City of Falls Church supplies drinking water to approximately 120,000 citizens in Fairfax County, including a large portion of the McLean area; and

Whereas, on February 13, 2012, the City Council of Falls Church issued a request for expression of interest to public and private utilities with regard to acquiring the City's water or sewer system; and

Whereas, at least one Falls Church Council member has stated publicly that the City should try to raise as much money as it can to benefit its own citizens, suggesting that the increase in the price of water resulting from the sale of the system might be less than the tax benefit to Falls Church citizens from the profits resulting from the sale; and

Whereas, the customers of the Falls Church water system, 92% of whom reside in Fairfax County, paid for the creation of that system when they bought their homes and paid the City's high rates for water, and when they further paid rates to the City that included a substantial return on equity that the City diverted to its general fund, a practice that the Circuit Court of Fairfax County declared unconstitutional in 2010; and

Whereas, despite that the City was making millions of dollars in surplus revenues from the water rates it was charging through 2010, the City, over the protest of the McLean Citizens Association and others, decided in September 2011 to increase water rates by another 8%, as the first step in a multi-year plan to raise rates by more than 30%; and

Whereas, the McLean Citizens Association is concerned that the City is continuing to raise its water rates in order to accumulate huge reserves that it can then cash-out and transfer to its general fund by selling the water system to a private buyer; and

Whereas, the sale of the City's system to a private buyer will necessarily result in even higher water rates to McLean citizens who have already paid for the system more than once, since any private buyer will need to recoup the cost of its purchase, will not operate on a tax-exempt basis, and will have to recover a profit margin that a non-profit governmental utility would not charge; and

Whereas, Fairfax Water has proposed that the City of Falls Church join its water system and consolidate the assets of the two systems together, and that the parties agree to a schedule to significantly reduce the water rates to the City's customers and to create a unified rate for the entire consolidated system; and

Whereas, Fairfax Water is a non-profit governmental utility that, because of its large economies of scale, already produces water at the lowest unit cost in the Washington Metropolitan area, and

Whereas, such a merger would not only significantly reduce the water rates for the City's existing water customers but create a much more robust water system by integrating Fairfax Water's two state-of-the-art water treatment plants, and the single plant operated by the Washington Aqueduct, on which the City currently depends; and

Whereas, a merger between the two systems would eliminate the friction over water rates charged by the City of Falls Church that has lasted for many decades; and

Whereas, a merger would require the approval of the Fairfax County Board of Supervisors, the City of Falls Church, and the Fairfax Water Board; and

Whereas the McLean Citizens Association, through prior resolutions and letters, has strongly encouraged the Board of Supervisors and the City of Falls Church to take decisive action to address the long-standing problems associated with the City of Falls Church supplying water service to McLean; now

Therefore, be it resolved that the McLean Citizens Association strongly urges the City Council of Falls Church, the Fairfax County Board of Supervisors, and the Fairfax Water Board, to promptly explore and consummate a merger between the two water systems for the benefit not only of the customers of both systems, but to create a more reliable and robust water supply system for Northern Virginia.

Addressees: Chm. BoS, All Supvrs., County Exec., FC Mayor, Vienna Mayor, Herndon Mayor, Chm. Fairfax Water, Rep. Wolf, Rep. Moran, Rep. Connolly