

Fund 408

Sewer Bond Construction

Focus

Fund 408, Sewer Bond Construction, provides for major sewer system construction projects including upgrades and expansions of sewer treatment plants utilized by Fairfax County residents that are funded from the sale of sewer revenue bonds, other shorter-term financing, and/or sewer system revenues. Funding has been provided in recent years in Fund 408, Sewer Bond Construction to begin to meet new state regulatory requirements for nitrogen removal and plant upgrades at the District of Columbia Water and Sewer Authority (DCWASA), the Alexandria Sanitation Authority (ASA), the Arlington County Treatment Plant, the Loudoun County Sanitation Authority (LCSA) treatment plant; and the Noman M. Cole Jr. Pollution Control Plant.

The new Chesapeake Bay water quality program requires reductions in the amount of nutrient pollutants. In December 2004, the state notified the County that the renewal of County's National Pollutant Discharge Elimination System (NPDES) permit will include a requirement that nutrient removal be performed at the "Limits of Technology." Current technology allows for discharge limits of less than 3.0 milligrams per liter for nitrogen and 0.1 milligrams per liter for phosphorus. The County has the capability to meet voluntary nitrogen removal standard of 6.0 milligrams per liter. A phased approach has been recommended to renovate and upgrade current plant facilities to accommodate new more stringent nutrient discharge requirements.



A Sewer Revenue Bond sale in the amount of approximately \$150 million is planned to support the Chesapeake Bay water quality program requirements for the operations of the Wastewater Management Program. This includes bond proceeds of \$140,294,000 in this fund and \$9,706,000 reserved in Fund 406, Sewer Bond Debt Reserve for legal requirements. As outlined in the 1986 Bond Resolution, this reserve is required to be the lesser of the maximum principal and interest requirements for any bond year or 125 percent of the average annual principal and interest requirements for the bonds. In addition, interest is earned on the fund balance in this fund, and an amount of \$1,000,000 is anticipated in interest earnings in FY 2010. No funding is included for Fund 408, in FY 2010. Work will continue in FY 2010 on existing and previously funded projects.

Changes to FY 2009 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2009 Revised Budget Plan since passage of the FY 2009 Adopted Budget Plan. Included are all adjustments made as part of the FY 2008 Carryover Review, FY 2009 Third Quarter Review, and all other approved changes through April 20, 2009.

- ◆ As part of the *FY 2008 Carryover Review*, the Board of Supervisors approved an increase of \$54,212,459 due to the carryover of unexpended project balances.
- ◆ As part of the *FY 2009 Third Quarter Review*, the Board of Supervisors made no adjustments to this fund.

A Fund Statement and a Summary of Capital Projects are provided on the following pages. The Summary of Capital Projects may include some projects without a Total Project Estimate amount. These projects are considered "continuing" projects or projects for which funding is necessary on an ongoing basis (e.g., a contingency or planning project).

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FUND STATEMENT

Fund Type G40, Enterprise Funds

Fund 408, Sewer Bond Construction

	FY 2008 Actual	FY 2009 Adopted Budget Plan	FY 2009 Revised Budget Plan	FY 2010 Advertised Budget Plan	FY 2010 Adopted Budget Plan
Beginning Balance	\$15,326,144	\$88,434,806	\$2,626,417	\$16,090,984	\$16,090,984
Revenue:					
Revenue from the Commonwealth ¹	\$253,030	\$0	\$0	\$0	\$0
Sale of Bonds ²	0	0	140,294,000	0	0
Interest on Investments	1,153,147	1,000,000	1,000,000	\$1,000,000	\$1,000,000
Total Revenue	\$1,406,177	\$1,000,000	\$141,294,000	\$1,000,000	\$1,000,000
Total Available	\$16,732,321	\$89,434,806	\$143,920,417	\$17,090,984	\$17,090,984
Total Expenditures ³	\$14,105,904	\$74,000,000	\$127,829,433	\$0	\$0
Total Disbursements	\$14,105,904	\$74,000,000	\$127,829,433	\$0	\$0
Ending Balance⁴	\$2,626,417	\$15,434,806	\$16,090,984	\$17,090,984	\$17,090,984

¹ Represents revenue reimbursement from the Commonwealth of Virginia for Project N00322, Lower Potomac 67 MGD associated with nitrogen removal projects at the Noman M. Cole Pollution Control Plant.

² An amount of \$150 million in revenue bonds is anticipated to be issued to support capital program requirements within the Wastewater Management Program including \$140.3 million in this fund and \$9.7 million to be reserved in Fund 406, Sewer Bond Debt Reserve for legal requirements.

³ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$383,026 has been reflected as an increase to FY 2008 expenditures to reflect adjustments to correctly record expenditure accruals. This impacts the amount carried forward resulting in a net decrease of \$383,026 to the *FY 2009 Revised Budget Plan*. The projects effected by this adjustment are Project G00904, Arlington Treatment Plant Upgrade, Project N00322, Noman Cole Pollution Control Plant Upgrade and Project X00911, Noman Cole Pollution Control Plant Renovations. The audit adjustment has been included in the FY 2008 Comprehensive Annual Financial Report (CAFR). Details of the FY 2008 audit adjustment were included in the FY 2009 Third Quarter Package.

⁴ The capital projects in this sewer fund are budgeted based on the total project costs. Most projects span multiple years, from design to construction completion. Therefore, funding for capital projects is carried forward each fiscal year, and ending balances fluctuate, reflecting the carryover of these funds.

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FY 2010 Summary of Capital Projects

Fund: 408 Sewer Bond Construction

Project #	Description	Total Project Estimate	FY 2008 Actual Expenditures	FY 2009 Revised Budget	FY 2010 Advertised Budget Plan	FY 2010 Adopted Budget Plan
G00902	DC Blue Plains Exp 309 MGD		\$4,447,711.02	\$14,295,288.98	\$0	\$0
G00904	Arlington Treatment Plant Upgrade	25,750,000	3,585,033.00	19,212,395.00	0	0
I00352	Pumping Station Improvements		0.00	3,000,000.00	0	0
I00906	ASA Plant Improvements		421,669.57	29,929,330.43	0	0
J00901	LCSA Plant Upgrade	21,500,000	0.00	21,500,000.00	0	0
N00322	Lower Potomac 67 MGD	140,366,502	5,357,262.63	19,686,647.11	0	0
X00909	Sewer Line Improvements		0.00	3,000,000.00	0	0
X00911	Noman M. Cole, Jr. Pollution	109,829,000	294,228.12	17,205,771.88	0	0
Total		\$297,445,502	\$14,105,904.34	\$127,829,433.40	\$0	\$0