

FUND 400 SEWER REVENUE

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2001 Advertised Budget Plan, as approved by the Board of Supervisors on April 24, 2000:

- As a result of the DPWES reorganization initiative, Fund 400, Sewer Bond Revenue, is renamed Sewer Revenue to more accurately reflect the functions of this fund. There is no fiscal impact associated with the DPWES reorganization in this fund.

The following funding adjustments reflect all approved changes to the FY 2000 Revised Budget Plan from January 1, 2000 through April 17, 2000. Included are all adjustments made as part of the FY 2000 Third Quarter Review:

- Transfers Out were decreased by \$234,859 primarily due to a decrease of \$503,695 in the transfer to Fund 401, Sewer Operation and Maintenance, based on CMI savings in Fund 401 agencies. This decrease is partially offset by an increase of \$175,000 in Fund 402, Sewer Construction Improvements, and an increase of \$93,836 in Fund 403, Sewer Bond Parity Debt Service.

County Executive Proposed FY 2001 Advertised Budget Plan



Agency Overview

All operating revenues of the Wastewater Management Program other than those included in Fund 401, Sewer Operation and Maintenance, are credited to this fund. In addition, interest on investments from fund balances, except the interest earned from the balances of Fund 406, Sewer Bond Debt Reserve, and Fund 408, Sewer Bond Construction, is credited to this fund. Major categories of operating revenues include: Sales of Service, Availability Charges, and Sewer Service Charges. Sales of Service are those revenues received from other jurisdictions for the County's treatment of their wastewater. Availability Fees are charged to new customers for initial access to the system, and Sewer Service Charges are revenues received from existing customers to fully recover system operation and maintenance costs, debt service payments, and capital project funding primarily attributable to improving wastewater treatment effluent standards as mandated by State and Federal agencies. The County's Availability Fees and Sewer Service Charges are based on staff analysis and consultant recommendations, and are included in the Forecasted Financial Statement for July 1, 1999 through June 30, 2004. The Board of Supervisors has previously approved these rates, subject to its review during the annual budget process.

Availability Charges: In FY 2001, Availability Fees will increase to \$4,898 from \$4,621 for single-family homes based on current projections of capital requirements. The Availability Fee rate for all types of units are adjusted based on continued increases in expenses associated with treatment plant upgrades and interjurisdictional payments that result from population growth, more stringent treatment requirements, and inflation. The following table displays the resulting increase by category.

Category	FY 2000 Availability Fee	FY 2001 Availability Fee
Single Family	\$4,621	\$4,898
Townhomes, Apartments, and Mobile Homes	\$3,697	\$3,919
Hotels/Motels	\$1,155	\$1,224
Non-Residential	\$239	\$253

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Sewer Service Charges: The Sewer Service Charge rate will increase from \$2.70 to \$2.81 per 1,000 gallons of water consumption in FY 2001. Sewer Service Charges are adjusted based on projected capital requirements associated with the renovation and rehabilitation of existing treatment facilities.

The FY 2001 Sewer Service Charge and Availability Fee are based on increased costs associated with capital project construction, system operation and maintenance, debt service, and upgrades to more effectively reduce nitrogen discharge from wastewater treatment plants in order to meet new, more stringent nitrogen discharge limitations. The program will also utilize sewer fund balances to partially offset these higher costs. These rate increases are consistent with the recommendations of the Department of Public Works and Environmental Services and the analysis included in the Forecasted Financial Statement for July 1, 1999 through June 30, 2004.

The total receipts from all revenue sources are used to finance Operations (Fund 401), Debt Service (Funds 403 and 407), and Construction Projects (Funds 402 and 408) associated with the Wastewater Management Program. Any balance remains in Fund 400, Sewer Revenue, for future year requirements.

During the last several years, adjustments in Availability Fees and Sewer Service Charges have been primarily based on the following:

- 1) **Capital Project Funding for New Customers** - The agency anticipates major construction activity within the forecasted period (FY 2000-FY 2004) with an estimated cost for new customers of \$189.3 million. The new customers' share of the following projects will be funded during the forecasted period: upgrades to Blue Plains, Alexandria, Arlington, and Noman M. Cole, Jr. wastewater treatment plants; extension projects; sewer line enlargement; and new pump stations.
- 2) **Capital Project Funding for Existing Customers** - The agency anticipates major expenditures associated with existing facility rehabilitation, replacement, and water quality improvements over the next few years. The estimated cost for existing customers is \$129.4 million during the forecasted period. The following projects will be funded during the forecasted period: upgrades to the Blue Plains, Alexandria, Arlington and Noman M. Cole, Jr. wastewater treatment plants; pump station rehabilitation; sewer line replacement and rehabilitation; force main rehabilitation and replacement; and treatment plant renovations.
- 3) **Operating and Maintenance Expenses** - The cost of operation and maintenance for the Wastewater Management Program has consistently increased in prior years due to the growth in customers and inflationary factors. However, savings in operation and maintenance costs are anticipated in FY 2001 primarily due to the agency's efforts to streamline operations. Opportunities to improve operations will be continually investigated in order to realize cost savings that can offset, at least partially, higher capital expenditures in future years.

The following table displays Sewer Service Charges and Availability Fees from FY 1997 through FY 2004.

Fiscal Year	Sewer Service Charge	Availability Fee
1997	\$2.60	\$4,353
1998	\$2.60	\$4,621
1999	\$2.70	\$4,621
2000	\$2.70	\$4,621
2001	\$2.81	\$4,898
2002	\$2.88	\$5,069
2003	\$2.95	\$5,246
2004	\$3.02	\$5,430

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Funding Adjustments

The following funding adjustments reflect all approved changes to the FY 2000 Revised Budget Plan since passage of the FY 2000 Adopted Budget Plan. Included are all adjustments made as part of the FY 1999 Carryover Review and all other approved changes through December 31, 1999:

- Transfers Out are increased by \$765,056 due primarily to an increase of \$8,900,000 to Fund 402, Sewer Construction Improvements, for greater than anticipated design costs for Project I00904, Alexandria Sanitation Authority (ASA) Improvement. This increase is offset by a net decrease of \$8,134,944 due primarily to a decreased transfer of \$6,213,511 in Fund 401, Sewer Operation and Maintenance, due to lower than anticipated operating costs and lower than projected wastewater flows for Treatment by Contract; a decrease of \$1,675,988 in Fund 403, Sewer Bond Parity Debt Service (formerly the Sewer Bond Debt Service 1986), due to the retirement of the ASA parity debt service payment in FY 1999; and a decrease of \$245,445 in Fund 407, Sewer Bond Subordinate Debt Service (formerly the Sewer Bond Subordinate Obligation), due to lower than anticipated bond interest payments for the Upper Occoquan Sewage Authority (UOSA) sewage treatment expansion.

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FUND STATEMENT

Fund Type G40, Enterprise Funds

Fund 400, Sewer Revenue

	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan	FY 2001 Adopted Budget Plan
Beginning Balance	\$167,637,767	\$161,434,094	\$174,518,058	\$146,912,271	\$147,147,130
Revenue:					
Lateral Spur Fees	\$18,000	\$20,000	\$20,000	\$20,000	\$20,000
Sales of Service	7,227,618	6,743,000	6,743,000	6,965,000	6,965,000
Availability Charges	34,699,744	30,037,000	30,037,000	29,388,000	29,388,000
Connection Charges	89,544	60,000	60,000	60,000	60,000
Sewer Service Charges	66,026,654	64,304,000	64,304,000	69,006,000	69,006,000
Delinquent Charges	40,472	30,000	30,000	30,000	30,000
Miscellaneous Revenue	70,507	0	0	0	0
Interest on Investments	10,260,276	9,500,000	9,500,000	12,200,000	12,200,000
Total Revenue	\$118,432,815	\$110,694,000	\$110,694,000	\$117,669,000	\$117,669,000
Total Available	\$286,070,582	\$272,128,094	\$285,212,058	\$264,581,271	\$264,816,130
Transfers Out:					
Sewer Operation and Maintenance (Fund 401)	\$52,882,056	\$58,261,743	\$51,544,537	\$60,644,595	\$60,644,595
Sewer Construction Improvements (Fund 402)	31,239,962	49,700,000	58,775,000	17,578,184	17,578,184
Sewer Bond Parity Debt Service (Fund 403)	15,288,592	15,780,624	14,198,472	13,579,970	13,579,970
Sewer Bond Subordinate Debt Service (Fund 407)	12,141,914	13,792,364	13,546,919	15,238,254	15,238,254
Sewer Bond Construction (Fund 408)	0	0	0	22,700,000	22,700,000
Total Transfers Out	\$111,552,524	\$137,534,731	\$138,064,928	\$129,741,003	\$129,741,003
Total Disbursements	\$111,552,524	\$137,534,731	\$138,064,928	\$129,741,003	\$129,741,003
Ending Balance	\$174,518,058	\$134,593,363	\$147,147,130	\$134,840,268	\$135,075,127
Management Reserves:					
Operating and Maintenance Reserve ¹	\$14,835,942	\$14,577,147	\$14,577,147	\$15,161,149	\$15,161,149
Nitrification Reserve ²	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Future Debt Reserve ³	11,961,338	9,681,338	9,681,338	7,435,000	7,435,000
Total Reserves	\$29,297,280	\$26,758,485	\$26,758,485	\$25,096,149	\$25,096,149
Unreserved Balance	\$145,220,778	\$107,834,878	\$120,388,645	\$109,744,119	\$109,978,978

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¹ The Operating and Maintenance Reserve was established to provide funding to offset expenses associated with sewer systems emergencies occurring within Fund 401, Sewer Operation and Maintenance.

² The Nitrification Reserve was established to offset expenses occurring in Fund 402, Sewer Construction Improvements, associated with the nitrogen discharge upgrades at the Arlington Wastewater Treatment Plant.

³ The Future Debt Reserve was established in anticipation of debt service reserve requirements for future treatment plant issues.