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 primarily from the sale of sewer revenue bonds. 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 a nitrogen discharge requirement of 7.0 milligrams per liter and currently has the capability to meet a nitrogen standard of 5.0 milligrams per liter. A phased approach has been under way to renovate and upgrade current plant facilities to accommodate new more stringent nutrient discharge requirements.

In FY 2011, a Sewer Revenue Bond sale in the amount of $150 million is planned to support capital projects including enhanced nutrient removal upgrades, replacement and rehabilitation of sewer line projects, plant upgrades at the Noman M. Cole, Jr. Pollution Control Plant and upgrades at treatment by contract wastewater treatment facilities. 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. Funding in the amount of $140,294,000 is included for Fund 408 in FY 2011 in anticipation of the sewer bond sale and will support construction and infrastructure upgrades at various treatment plants. 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 2011.

Changes to FY 2010 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2010 Revised Budget Plan since passage of the FY 2010 Adopted Budget Plan. Included are all adjustments made as part of the FY 2009 Carryover Review, FY 2010 Third Quarter Review, and all other approved changes through April 20, 2010.

- As part of the *FY 2009 Carryover Review*, the Board of Supervisors approved an increase of $100,854,889 due to the carryover of unexpended project balances in the amount of $85,645,029 and an increase of $15,209,860 due to the appropriation of bond proceeds associated with the June 2009 sewer bond sale.

- As part of the *FY 2010 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 2009 Actual	FY 2010 Adopted Budget Plan	FY 2010 Revised Budget Plan	FY 2011 Advertised Budget Plan	FY 2011 Adopted Budget Plan
Beginning Balance	**$2,626,417**	**$16,090,984**	**$110,953,222**	**$11,247,495**	**$11,247,495**
Revenue:					
Sale of Bonds[1]	$150,296,860	$0	$0	$140,294,000	$140,294,000
Interest on Investments	363,512	1,000,000	1,000,000	1,000,000	1,000,000
Total Revenue	$150,660,372	$1,000,000	$1,000,000	$141,294,000	$141,294,000
Total Available	**$153,286,789**	**$17,090,984**	**$111,953,222**	**$152,541,495**	**$152,541,495**
Total Expenditures	$42,333,567	$0	$100,705,727	$140,294,000	$140,294,000
Total Disbursements[2]	**$42,333,567**	**$0**	**$100,705,727**	**$140,294,000**	**$140,294,000**
Ending Balance[3]	**$110,953,222**	**$17,090,984**	**$11,247,495**	**$12,247,495**	**$12,247,495**

[1] An amount of $160 million in revenue bonds was issued on June 17, 2009 to support capital program requirements within the Wastewater Management Program including $150.3 million in this fund and $9.7 million reserved in Fund 406, Sewer Bond Debt Reserve for legal requirements. In FY 2011, an amount of $150 million in revenue bonds is anticipated to be issued to support enhanced nitrogen removal projects and upgrades within the Capital Improvement 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.

[2] In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of $149,163 has been reflected as an increase to FY 2009 expenditures to reflect expenditure accruals. This impacts the amount carried forward resulting in a net decrease of $149,163 to the *FY 2010 Revised Budget Plan*. The project affected by this adjustment is Project N00323, Noman M. Cole, Jr. Pollution Control Plant Upgrades. The audit adjustment has been included in the FY 2009 Comprehensive Annual Financial Report (CAFR). Details of the FY 2009 audit adjustment were included in the FY 2010 Third Quarter Package.

[3] 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 2011 Summary of Capital Projects

Fund: 408 Sewer Bond Construction

Project #	Description	Total Project Estimate	FY 2009 Actual Expenditures	FY 2010 Revised Budget	FY 2011 Advertised Budget Plan	FY 2011 Adopted Budget Plan
FS0001	Noman Cole Water Reuse	$10,220,000	$0.00	$10,220,000.00	$0	$0
G00902	DC Blue Plains Exp 309 MGD		8,783,338.99	13,511,949.99	20,000,000	20,000,000
G00904	Arlington Treatment Plant Upgrade	$34,750,000	9,570,139.83	9,642,255.17	9,000,000	9,000,000
I00352	Pumping Station Improvements		0.00	499,999.90	0	0
I00906	ASA Plant Improvements		15,438,710.71	9,490,619.59	20,000,000	20,000,000
J00901	LCSA Plant Upgrade	14,000,000	0.00	13,999,999.90	0	0
N00322	Lower Potomac 67 MGD	130,366,502	6,756,154.15	2,930,492.96	0	0
N00323	Noman M. Cole, Jr. Pollution Control Plant Upgrades		1,050,424.95	29,439,435.05	60,000,000	60,000,000
X00909	Sewer Line Improvements		0.00	500,000.00	0	0
X00911	Noman M. Cole, Jr. Pollution Control Plant Renovations	135,123,000	734,797.90	10,470,973.98	31,294,000	31,294,000
Total		**$324,459,502**	**$42,333,566.53**	**$100,705,726.54**	**$140,294,000**	**$140,294,000**